

A Guide to Year-Round Federal Pell Grants

Zack Goodwin, Training Officer
US Department of Education
MSFAA Conference, Dearborn, MI
January 30, 2018



- ## Agenda
- Legislative background
 - General requirements
 - Unchanged Pell rules
 - Changed Pell rules
 - Examples
 - Operational aspects



- ## Legislative Background
- The Consolidated Appropriations Act of 2017 allows a student to receive Pell Grant funds up to 150% of the student's Scheduled Award in an award year
 - Effective beginning with the 2017-2018 award year
 - Applied to the summer of 2017 only if treated as a header to 2017-18

Dear Colleague Letter GEN-17-06



General Requirements

- Student must be otherwise eligible to receive Pell Grant funds for the payment period
- Student must be enrolled at least half-time in the payment period in which additional Pell Grant funds are received
- Additional Pell Grant will count toward the student's 600% maximum Pell Lifetime Eligibility Used (LEU)



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General Requirements

- Payment period may include awards from both the initial Pell Grant Scheduled Award and from the additional Pell Grant award
- When the calculated award for a payment period is greater than the remaining balance of an initial Scheduled Award, the award for the payment period is the remaining balance plus an amount from the additional Pell Grant award *assuming at least half-time enrollment*



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Differences from Previous Year-Round Pell

- Previous iteration allowed for up to *two* Scheduled Awards to be received in an award year (200%)
- No acceleration requirement
- No requirement to place a crossover payment period in the award year that produces the largest Pell Grant award



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Unchanged Pell Rules

- Definition of an academic year
- Definition of a Scheduled Award
- Award amount
- Payment period determination
- Pell Grant formulas
- Crossover payment periods
- Recalculation policies



Academic Year

Must be defined for *each* eligible program

	Minimum number of weeks of instruction	Minimum number of hours
Programs that measure progress in clock hours	26	900
Programs that measure progress in semester or <i>trimester</i> credit hours	30	24
Programs that measure progress in quarter credit hours	30	36



Scheduled Award

The Pell Grant Scheduled Award is the amount that a full-time student would receive for a full academic year based on the student's EFC and Cost of Attendance.



Award Amount

The way in which an award for a payment period (the Annual Award) is calculated remains unchanged, including the Pell Grant Formulas.

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Payment Period Determination

- Defined in 34 CFR 668.4
- For term-based programs, the payment period is the term
- For non-term programs, including all clock-hour programs, the payment period reflects half of the hours and half of the weeks in the Title IV academic year

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Pell Grant Formulas

- Five Pell Grant calculation formulas
- Defined in 34 CFR 690.63
- The formula used corresponds to the structure of the program
 - Formulas 1 through 3 → Term-based programs
 - Formula 4 → Non-term programs
 - Formula 5 → Correspondence programs

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Crossover Payment Periods

- Includes both June 30 and July 1, overlapping two award years
- Institutions have the flexibility to assign crossover payment periods to either of the pertinent award years

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Crossover Payment Periods

- Must consider the crossover payment period to occur entirely within one award year
- Must have a valid SAR/ISIR for the selected award year
- May be assigned to a different award year than the award year used for other Title IV aid

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Crossover Payment Periods

- Choice of crossover payment period award year can be made based on an institutional policy that...
 - Provides for an individual decision for each student
 - Applies to all students, or a category of students, without exception
 - or*
 - Applies to all students, or a category of students, with allowance for individual student exception

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Recalculation Policies: Required

- Must recalculate a student's Pell Grant award if s/he does not begin attendance in enough classes to support his enrollment status used to calculate his Pell Grant
- To be eligible for the *additional* Pell Grant, a student must be enrolled at least half-time and *begin attendance* in the classes that support that enrollment status

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Recalculation Policies: Optional

- Institutions may develop a policy to recalculate Pell Grants for changes in enrollment status *during* a payment period
- May set a date after which no recalculation will be performed for changes in enrollment status
- If an institution does not establish a policy for recalculating for changes in enrollment status, a student's Pell Grant award is based on the *initial* calculation even if the student later changes enrollment status

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Changed Pell Rules

- Increase in Scheduled Award limitation to 150% of a Scheduled Award
- Requirement of at least half-time enrollment in the payment period where funds are received beyond 100% of the Scheduled Award

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Additional Pell Amount

- When the calculated award for a payment period is greater than the remaining balance of the initial Scheduled Award, the award for the payment period is the remaining amount of the initial Scheduled Award plus the Additional Pell amount
- Awarded and reported to COD as one amount

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Semester Example

2017-2018 Scheduled Award = \$5,370

<p>Summer 2017 (assigned to the 2017-2018 award year) Three-Quarter-Time</p> <p>Award: \$2,014 (37.5046%)</p>	<p>Fall 2017 Full-Time</p> <p>Award: \$2,685 (50.0000%)</p> <p>Total portion of initial Scheduled Award is 87.5046%</p>	<p>Spring 2018 Full-Time </p> <p>Award: \$2,685 (50.0000%)</p> <p>Total portion of initial Scheduled Award is 137.5046%</p>
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Semester Example

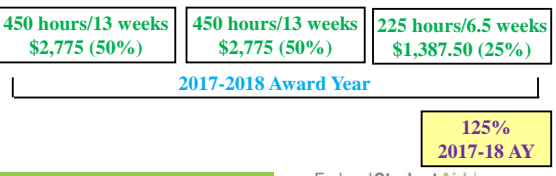
In the previous example, the Spring 2018 Pell Grant award is made up of 12.4954% (\$671) remaining from the initial Pell Grant Scheduled Award and 37.5046% (\$2,014) from the additional Pell Grant award. The student has 12.4954% (\$671) remaining from the additional Pell Grant award for the 2017–2018 award year. If the student had used up 100% of his Pell Grant Scheduled Award for Summer 2017 and Fall 2017, the entire Spring 2018 award amount would be from the additional Pell Grant award.

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Clock-Hour Example

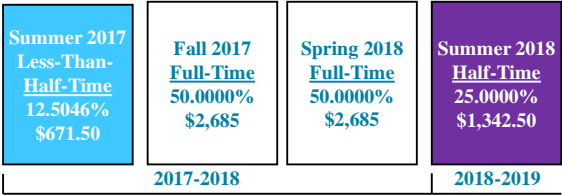
- 1125 clock-hour program that occurs entirely within 2017-2018 award year
- Academic Year is defined as 900 clock-hours/26 weeks
- Scheduled Award is \$5,550



Determining Award Year

Paid as header from initial Scheduled Award

Pay as trailer from initial Scheduled Award or header for 2018-2019



Optional Recalculation Examples

- **Conditions:**
 - Student is only eligible for the additional Pell Grant award
 - Student enrolls in two 3-credit-hour courses prior to the add/drop date for the term
 - Institution's policy is to recalculate a student's Pell award at the add/drop date

Optional Recalculation Examples

- Possible result A:
 - Student begins attendance in all classes
 - After add/drop date, student drops one 3-credit-hour course
 - Student is still considered half-time and eligible for the additional Pell Grant disbursed

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Optional Recalculation Examples

- Possible result B:
 - Student begins attendance in all classes
 - Prior to add/drop date, student drops one 3-credit-hour course
 - Student is considered less-than-half-time and is *not* eligible for the additional Pell Grant

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Optional Recalculation Examples

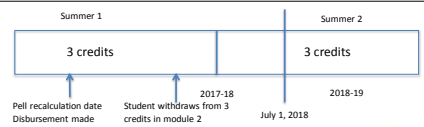
- Possible result C:
 - Student begins attendance in all classes
 - After add/drop date, student drops one 3 credit-hour course
 - The initial calculation of the student's Pell Grant occurs subsequent to the add/drop date of the term. The institution must use the student's enrollment status on the date of the initial calculation, which is less-than-half-time, and the student is not eligible for the additional Pell Grant

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Required Recalculation Module Example

- Standard-term program with a summer term comprised of two modules
- Student is enrolled half-time during summer 2018
 - 100% of 2017-2018 initial Scheduled Award has been paid for fall/spring
 - Payment for the payment period will be from additional 2017-2018 Pell



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Required Recalculation Module Example

- Student was paid half-time Pell award based on enrollment in 6 credits as of the Pell Recalculation Date (PRD)
- Pell recalculation/COD adjustment necessary
 - Withdrawal from 3 credits in summer 2 was after the PRD, but the student will not have begun attendance in all credits on which the Pell payment was based
 - A similar situation would exist if the student did not withdraw from the 3 credits in summer 2 but simply failed to begin attendance in them
- Student is now less-than-half-time and may not receive payment from 2017-2018 additional Pell funds
 - Payment may be made from the initial 2018-2019 Scheduled Award

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Operations

Resources

- [Electronic Announcement: June 20, 2017](#)
Provides preliminary COD System implementation information and school processing timeline
- [Updated 2017-2018 COD Technical Reference: August 30, 2017](#)
- [Electronic Announcement: October 4, 2017](#)
COD 16.2 implementation documentation

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Operations

- Additional Eligibility Indicator (AEI)
- Total Eligibility Used (TEU) calculation
- Origination and disbursement edits
- Reporting tools
- Examples

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Additional Eligibility Indicator (AEI)

- The AEI in the COD Pell record, an optional tag, indicates eligibility greater than 100% of the Scheduled Federal Pell Grant (SFPG)
- If a school submits an AEI = "true", the total awarded Pell should equal an amount greater than 100% of the student's SFPG for that award year *across schools*
- FSA will be monitoring schools that submit the AEI="true" for students *not awarded or disbursed* Pell over the 100% SFPG. Any school suspected of such practices will be referred to Program Compliance for review and sanctioning if not corrected

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Total Eligibility Used (TEU) Calculation

- The TEU is the amount of Pell awarded across all schools in one award year
- COD edits against the TEU, with additional student-specific qualifiers, based on circumstances
- If the AEI is not submitted by any school, or is = "false" by *all* schools in the AY, and actual disbursement amount is great than \$0
TEU Max = 100% + |Net of Closed School Adjustments for AY|
- If the AEI is = "true" by at least one school in the AY, and actual disbursement amount > \$0
TEU Max = 150% + |Net of Closed School Adjustments for AY|

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2017-2018 COD Edits

- Disbursement Warning Edit 65
- Disbursement Warning Edit 68
- Award Level Rejecting/Correcting Edit 172
- Award Level Rejecting/Correcting Edit 173
- Award Level Warning Edit 174
- Award Level Warning Edit 175

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COD Myths

COD will always keep me from awarding/disbursing the wrong amount of Pell, since it knows the student...

- Didn't enroll
- Has a SAP problem
- Graduated
- Completed verification
- *Should be* paid off a different CPS transaction number because it is higher than the one originally submitted to COD
- *Should not be* paid off a different CPS transaction number just because it is higher than the one originally submitted to COD

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COD Reporting Tools

- Pell Grant Multiple Reporting Record (MRR) *(position 449)*
- Pell Grant Reconciliation Report Record *(position 97)*
- Pell Grant Year-to-date Record *(position 251)*
- Pell POP Report *(column V in new CSV format)*

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Example #1: AEI Change

School

- Term-based Formula 1

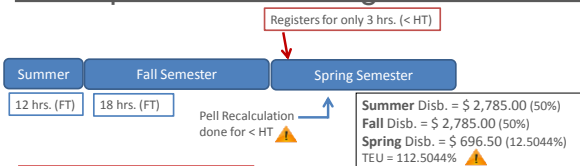
Student

- 2017-18 EFC = 310 and SFPG = \$5570
- Packaged in June 2017 with 150% Pell
 - $5570 \times 1.5 = \$8,355$ (150% of 5570)
- AEI submitted to COD as "true" on October 17, 2017

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Example #1: AEI Change



During Internal audit on July 17, 2018, AEI is changed from "true" to "false" because student is not at least half-time in spring. No other changes are submitted to COD except the AEI change.

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Example #1: AEI Change

- COD Response returns...
 - Correcting edit 173 (corrects award amount down to SFPG of \$5570)
 - Warning edit 174 (award amount < disbursed amount)
- Negative pending 30-day counter begins
- On August 18 spring disbursement is systematically reduced by COD to \$0 and Current Funding Level (CFL) is reduced by \$696.50
- *This is a school liability, not a student liability*

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Example #2: POP with AEI

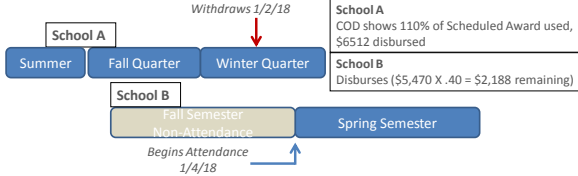
- | | |
|---|--|
| <p>School A</p> <ul style="list-style-type: none"> • Term-based, Formula 1 • Trans. 01, EFC= 0 • SFPG = \$5920 • Eligibility Used =110% • AEI= "true" | <p>School B</p> <ul style="list-style-type: none"> • Term-based, Formula 1 • Trans. 03, EFC= 433 • SFPG = \$5470 • Eligibility Used =40% • AEI not submitted |
|---|--|

TEU = 150%

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Example #2: POP with AEI



School A: Performs R2T4 calculation on January 10, 2018. Reduces winter Pell award and disbursement so eligibility used reduced to 95.475%. Submits updates to COD including changing AEI from "true" to "false." TEU is now 135.475%.

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Example #2: POP with AEI

Due to changing AEI to "false"...

- COD Response returns...
 - Warning edit 68 (POP)
 - Multiple Reporting Record (MRR) and POP reports sent to both school A and school B
- Negative pending 30-day counter begins
- POP deobligation on February 11 where *all disbursements* at both schools are reduced to \$0

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Setting the AEI to "True"

Should I set the AEI = "true" in COD?

- Will I do this when I award Pell for the award year?
- Will I do this when the student indicates *intent* for attendance?
- Is the program a year-round program?
- Transfers: Does my school's disbursement represent an amount between 100%-150% in the student's TEU for that award year?

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Setting the AEI to "False"

Should I set the AEI = "false" in COD?

- Was the AEI set to "true" previously, and why?
 - Do those conditions still exist?
- Did the student withdraw, and was an R2T4 calculation performed?
- How and when do I monitor for changes in attendance or non-attendance?

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ED Contacts



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ED Contacts

Research and Customer Care Center
800-433-7327
fsa.customer.support@ed.gov



Reach FSA
855-FSA-4FAA -- one number to reach 10 contact centers!

- | | |
|---------------------------------|---|
| <i>Campus-Based Call Center</i> | <i>eZ-Audit</i> |
| <i>COD</i> | <i>School Eligibility Service Group</i> |
| <i>CPS/SAIG</i> | <i>Foreign Schools Participation Division</i> |
| <i>NSLDS</i> | <i>Research and Customer Care Center</i> |
| <i>G5</i> | <i>Nelnet Total and Permanent Disability Team</i> |



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<https://www.surveymonkey.com/r/ZacharyGoodwin>

This feedback tool provides a means to identify areas for improvement and support an effective process for listening to our customers. Additional feedback can be directed to Mark Gerhard at Mark.Gerhard@ed.gov.



Questions?