




Processing
Examples for

CL  CK

HOURS

Academic Calendar & Payment Periods

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 loans and Pell Grants.**

A school may have different academic years for different programs.

For example, a school may choose to define the academic year for a term-based program differently from a non term 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 need not coincide with a program's academic calendar.*

A school may treat two versions of the same academic program as separate programs and define different academic years for each version.

Example:

- **1500 hour Cosmetology Program**
 - **Day Program** – students attend Tuesday through Saturday – 35 clock hours per week, 43 week program
 - **Night Program** – students attend Monday through Friday – 26 clock hours per week, 58 week program

Weeks of instructional time in an academic year

- An academic year for a credit-hour or direct assessment program must be at least 30 weeks of instructional time for a year, ***and for clock hour programs, 26 weeks of instructional time.*** In cases where the program uses an academic year that meets the standard for credit hours or clock hours, but the program provides less than the required weeks of actual instructional time, Pell Grant awards and, in some cases, the annual loan limits for Stafford Loans must be prorated.



hours in an academic year

Federal 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):

- **900 clock hours for a program measured in clock hours**

Counting weeks of instructional time

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| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 29 | 30 | 31 | | | | |

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| 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 | | |

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| 24/ 31 | 25 | 26 | 27 | 28 | 29 | 31 |

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| | 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 |
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| | | | 1 | 2 | 3 | 4 |
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| 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 26 | 27 | 28 | 29 | 30 | 31 | |

Determining Weeks in Program

- 1500 hour program (35hrs/wk) = 43 weeks
 - Day Cosmetology Program
- 1500 hour program (26 hrs/wk) = 58 weeks
 - Night Cosmetology Program
- 600 hour program (35hrs/wk) = 18 weeks
 - Manicuring Program
- 600 hour program (40hrs/wk) = 15 weeks
 - Aesthetics Program

- **900 clock hours MINIMUM standard for academic year, a 1500 hour program can consist of 2 academic years by prorating aid for AY2:**

➤ **AY1 900 hours/35 hours a week = 25.7 weeks**

» Round up to 26 weeks

➤ **AY 2 600 hours/35 hours a week = 17.1 weeks**

» Round up to 18 weeks (all fractions can be rounded up even if less than $\frac{1}{2}$) *Aid will be PRORATED*

Loan Programs

- Award loans based on loan periods.
- May consider the weeks of instructional time, calendar time, and the credit or clock hours in determining
 - ▲ Loan period
 - ▲ Disbursement of proceeds
 - ▲ Loan maximums

A loan period may not exceed 12 calendar months.

Loan Programs

Type of Academic Year

- Scheduled Academic Year:

Standard-term credit-hour programs may use.

- *Borrower-based Academic Year:*

Nonstandard term, non term credit-hour, and *clock-hour must use.*

Standard-term programs may use.

Loan Programs

- **Credit-hour programs with terms substantially equal in length including traditional standard-term programs**
 - ▼ **Divide loan proceeds evenly by the payment periods (the terms) in the loan period**
- **Clock-hour programs, non term credit-hour programs, or programs with unequal nonstandard terms**
 - ▼ **Schedule loan proceeds to be disbursed in substantially equal disbursements**

Loan Programs

- **Credit-hour programs with terms substantially equal in length including traditional standard-term programs**
 - ▼ **Disburse loan proceeds by payment period**
- **Clock-hour programs, non term credit-hour programs, or programs with unequal nonstandard terms**
 - ▼ **Disburse no more than one-half of loan until student reaches the calendar midpoint between the first and last days of the loan period and completes half the coursework of the loan period.**

Loan Programs

- **May make multiple loan disbursements as long as the amounts are substantially equal.**
- **30-calendar-day delay of the first disbursement for first-time, first-year undergraduate.**
- **If a loan period is more than one payment period, disburse loan proceeds at least once in each payment period.**
- **If a loan period is one payment period, there must be at least two disbursements of loan proceeds during that payment period. *The school may not make the second delivery until the calendar midpoint between the first and last scheduled days of class of the loan period.***

Calculating Loan Disbursement Amounts

1500 hour program: Academic Year (AY) 1 = 900 hours
AY 2 = 600 hours

Payment Periods: AY1

1 – 450 hours can be disbursed at 30 days

451-900 hours can be disbursed at 451 hours
(halfway through AY)

First time borrower eligibility:

Subsidized Loan = \$3500 (\$1750 1-450hrs \$1750 451-900hrs)

Unsubsidized Loan = \$2000/dependent (\$1000 1-450hrs
\$1000 451-900hrs)
\$6000/dependent IF parent credit
consent declined

\$6000/independent (\$3000 1-450
\$3000 451-900)

Calculating Loan Academic Year Dates

AY 1 consists of 900 hours, with two payment periods.

Program clocks 35 hours per week

900 hours divided by 35 hours = 26 weeks

Start date of loan period would be 1st Day of class

Loan period ending date would be at the end of the 26th week.

Count out 13 weeks to determine

projected 2nd disbursement date.



AY2

901-1200 hours disbursed at 901 hours

1201- 1500 hours disbursed at 1201 hours (halfway through AY)

Since AY2 only consists of 600 hours,
LOAN AMOUNTS MUST BE PRORATED!

Pay lesser of weeks or hours in AY:

600 hour course = 18 weeks

18/26 weeks in academic year = .69%

600 hours/900 hours in academic year = .67%

Calculating Prorated Loan Award Amounts

AY2 loan amounts =

Dependent & Independent:

SUB loan $\$4500 \times 67\% = \3015

Dependent

UNSUB $\$2000 \times 67\% = \1340

(second parent credit consent must be completed to determine additional eligibility if declined $\$6000 \times 67\% = \4020)

Independent

UNSUB $\$6000 \times 67\% = \4020

DISBURSEMENT SCHEDULE FOR 1500 HOUR PROGRAM LOANS

(Independent Example)



| 1-450 hours | 451-900 hours | 901-1200 hours | 1201-1500 hours |
|-------------------|-------------------|-------------------|--------------------|
| 13 weeks | 13 weeks | 9 weeks | 9 weeks |
| Sub = \$1750 | Sub \$1750 | Sub \$1508 | Sub \$1507 |
| Unsub = \$3000 | Unsub = \$3000 | Unsub = \$2010 | Unsub = \$2010 |

Calculating PELL Disbursement Amounts

2014-2015 0 efc Pell Eligibility = \$5730

AY1 = 900 hours in academic year
two 450 hour payment periods

$\$5730 \times 450 \text{ hours} / 900 \text{ hours} = \$2865/\text{payment period}$

This uses ALL of students 1415 pell eligibility. Therefore, there would be no remaining Pell eligibility for AY2.

IF AY2 crosses into new Pell Award year (ie; 1516) then more pell could be offered, based on prorated amounts.

Example: 1500 hour course started January 13, 2015.

Student CANNOT complete 900 hours (26 weeks) before June 30, 2015.

Therefore student could become eligible for additional pell monies from the 1516 FAFSA processing year.

Pell eligibility would be prorated, based on remaining hours in program.

DISBURSEMENT SCHEDULE FOR 1500 HOUR PROGRAM PELL

| 1-450 hours | 451-900 hours | 901-1200 hours | 1201-1500 hours |
|----------------|------------------|-------------------|--------------------|
| 13 weeks | 13 weeks | 9 weeks | 9 weeks |
| \$2865 | \$2865 | \$0 | \$0 |

Should student cross over into next processing year, they may become eligible for additional pell payments in last 600 hours of the program.

Calculating Prorated Pell for Programs less than 26 weeks

600 hour program = 18 weeks

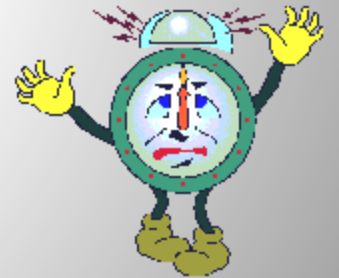
with two 300 hour payment periods

14150 efc = \$5730

$\$5730 \times 600 \text{ hours} / 900 \text{ hours (26 weeks)} = \3820

$\$3820 / 2 \text{ payment periods} = \$1910/\text{period}$





Withdrawal's & Leave of Absence

**HOW THEY
AFFECT
LOAN PERIODS**

Student enrolls in a clock hour program. The program is one academic year length, running from July 29, 2013 through January 31, 2014

Student's Enrollment Pattern

| Anticipated | Actual |
|-------------------|-------------------|
| Length of Program | Length of Program |

| | Initial | | Updated | |
|---------------|---------------|------------------|------------|-----------|
| | Begin Date | End Date | Begin Date | End Date |
| Loan Period | July 29, 2013 | January 21, 2014 | NO UPDATE | NO UPDATE |
| Academic Year | July 29, 2013 | January 21, 2014 | NO UPDATE | NO UPDATE |

Student withdraws after successfully completing the first payment period as scheduled (October 25, 2013), prior to the beginning of the second payment period.

Because student DID NOT receive any Loan proceeds for the second payment period, the school must update the ending date of the loan period to reflect the end date of the last payment period that she received Loan proceeds.

| | Initial | | Updated | |
|---------------|---------------|------------------|---------------|------------------|
| | Begin Date | End Date | Begin Date | End Date |
| Loan Period | July 29, 2013 | January 31, 2014 | July 29, 2013 | October 25, 2013 |
| Academic Year | July 29, 2013 | January 31, 2014 | NO UPDATE | NO UPDATE |

Because the student no longer received any Loan proceeds for the second payment period, the school must update ending date of the loan period to reflect the end of the last payment period for which loan proceeds were received.

Student is enrolled, but FAILS to progress as scheduled. This could be due to student not attending scheduled hours or due to a Leave of Absence.

The student is enrolled in a program of less than an academic year in length. The school will determine the end of the academic year by determining how long it would NORMALLY take a full time student to complete an academic year's worth of work. We have already defined our academic year as 26 weeks or 900 hours of instructional time.

| | | Initial | | Updated | |
|---------------|--------------|--------------------|------------|-----------|--|
| | Begin Date | End Date | Begin Date | End Date | |
| Loan Period | July 1, 2013 | September 20, 2013 | NO UPDATE | NO UPDATE | |
| Academic Year | July 1, 2013 | December 27, 2013 | NO UPDATE | NO UPDATE | |

Student failed to become eligible for their second disbursement of their loan at the originally anticipated mid-point of the program, either because they failed to attend all scheduled hours, or due to a Leave of Absence of two weeks.

| Anticipated | Actual |
|---------------------------------------|--|
| Length of Program, normal progression | Length of Program, missed hours or LOA |

| | Initial | | Updated | |
|---------------|--------------|--------------------|--------------|------------------|
| | Begin Date | End Date | Begin Date | End Date |
| Loan Period | July 1, 2013 | September 20, 2013 | July 1, 2013 | October 4, 2013 |
| Academic Year | July 1, 2013 | December 27, 2013 | July 1, 2013 | January 10, 2014 |