


Clock Hours

### Understanding Clock Hours: “Back to the Basics”



FASFAA Clock  
Hour Workshop

October 25-27, 2016

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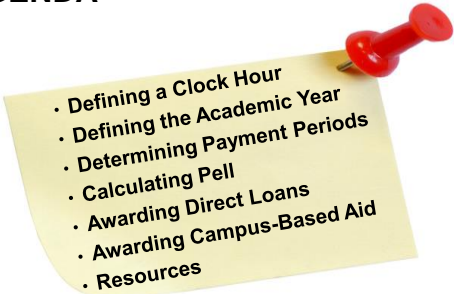
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### AGENDA



- Defining a Clock Hour
- Defining the Academic Year
- Determining Payment Periods
- Calculating Pell
- Awarding Direct Loans
- Awarding Campus-Based Aid
- 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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Clock Hours

### 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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### What Hours Count?

- A school is not permitted to count more than one clock hour per 60-minute period
- May not schedule several hours of instruction without breaks and then count clock hours in 50-minute increments
- Example - cannot consider seven consecutive hours of instruction to be 8.4 hours by dividing 50 minutes into 420 minutes
- Seven 60-minute periods of instruction may not count for more than seven 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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### Academic Year Minimums

Statutory Definition of an Academic Year		
Academic Progress Measured By	Minimum Completion Requirement*	Minimum Instructional Time Requirement **
Semester hours	24 semester hours	30 weeks
Trimester hours	24 trimester hours	30 weeks
Quarter hours	36 quarter hours	30 weeks
<b>Clock hours</b>	<b>900 clock hours</b>	<b>26 weeks</b>

\*Number of hours that a student enrolled full time is expected to complete in a full academic year

\*\*A week is a seven day period in which there is at least one day of instruction or exams.



Minimum measure! Can be more!

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### Defining the Academic Year

- Full-time for an undergraduate clock hour program must be at least 24 clock hours a week
- Half-time must be at least 12 clock hours per week (needed for loan eligibility)
- Reminder: *AY definition may be greater than required minimum amounts*
  - A student attending 24 hours per week will complete 900 hours in 37.5 weeks
  - A student attending 30 hours per week will complete 900 hours in 30 weeks
  - A student attending 35 hours per week will complete 900 hours in 26 weeks



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Clock Hours

### Defining the Academic Year

- A program may be shorter than, equal to, or longer than the defined academic year
- A 600, 900, and 1300 hour programs could all have an academic year of 900 clock hours/30 weeks; or
- A 1050 clock hour/35 week program could have an AY definition equal to the program
  - Receive one annual Pell and one annual loan for program
- The academic year determines the period of time for which Title IV aid will be awarded and disbursed
- Might NOT conform to school's *academic calendar*

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### Your School's Academic Year



- Is the Academic Year defined in your P&P manual?

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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
  - Example1: 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
---------------------------	---------------------------	---------------------------

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 ½ 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 ½ 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
---------------------------	---------------------------	---------------------------	---------------------------

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
  - School terms
  - 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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Clock Hours

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Loan calculations discussed later

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### Defining Payment Periods

- Exception #2 – *Second Year Loans*
  - If program is longer than an academic year, the 2<sup>nd</sup> 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 (AY = 900 hours) 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; will not line up with Pell payment periods

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### Defining Payment Periods

- Three **BIG DIFFERENCES** for clock hour programs
  1. For Title IV purposes, **there are NO TERMS; repeat, there are NO TERMS**
  2. 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 2<sup>nd</sup> payment period will overlap “terms” 1 & 2

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### Defining Payment Periods

3. 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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Clock Hours

### 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

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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 (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
- Must pay the full Pell disbursement completely from **ONE** award year

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Clock Hours

### Cross-Over Payment Periods

1200 Clock-Hour/32 Week Program  
900 Clock-Hour/26 Week AY

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

2015-16 award year    2016-17 award year

March 2016    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 1<sup>st</sup> 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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Clock Hours

### Clock Hour Disbursements


- Student must meet all student eligibility requirements
- Enrollment status, SAP, no defaulted loans, pass all required data matches, program requirements (i.e. not earned a BA for Pell, etc.)



**ARE YOU ELIGIBLE?**



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### Clock Hrs. & Repeating Coursework


- Student cannot be paid to repeat clock hours in same program
- Student will NEVER be paid TIV for more than the number of clock hours that make up the official program
  - Cannot receive next TIV aid disbursement until successfully complete clock hours & weeks in PP

Exceptions:

1. If a student completes a program of study and retakes the entire program over again
2. Student withdraws and returns after 180 days into the same program of study the student is considered to have begun a new program (though previous hours earned would still be factored into SAP)



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### Pell Grant Calculations





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Clock Hours

### 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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Multiply program COA by the lesser of two fractions to determine Pell COA:

**OR**

Weeks of instructional time in enrollment period to which the costs apply



- Always use the full-time Pell payment chart (GEN-16-01)

[illegible]

- Programs equal to or shorter than an academic year
- Programs longer than an academic year with a remaining portion equal to or shorter than half an academic year
- Programs longer than an academic year with a remaining portion greater than half an academic year but less than a full academic year
- *Exception for transfer students with clock hours accepted*



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Clock Hours

Calculation of Pell

Step 5: Calculate disbursement by payment period

Scheduled award is multiplied by *the lesser of*:

Clock hours in the payment period

Clock hours in the program's defined academic year

OR

Weeks of instructional time in the payment period

Weeks of instructional time in the program's defined academic year

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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: \$5815

PP1: \$5815 x 450/900 = \$2907.50

PP2: \$5815 x 450/900 = \$2907.50

PP3: \$5815 x 300/900 = \$1938.33

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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: \$4080

PP1: \$4080 x 360/900 = \$1632

PP2: \$4080 x 360/900 = \$1632

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Clock Hours

### 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 1<sup>st</sup> two payment periods

Scheduled award: \$5815

PP1: \$5815 x 450/900 = \$2907.5

PP2: \$5815 x 450/900 = \$2907.5

Weeks are lesser for last 2 payment periods

PP3: \$5815 x 9/30 = \$1744.50

PP4: \$5815 x 9/30 = \$1744.50

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### Calculating Pell for Transfer Students

- Determine percentage of Pell received at previous school during award year
  - Pell disbursed at prior school = % of Scheduled Award used Scheduled Award at prior school
  - Subtract result from 100% (e.g. 100%-40% = 60%)
- End result is maximum percentage of the Scheduled Award that the student may receive at the new school

Use percentages used, not dollars

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### Calculating Pell for Transfer Students

- Multiply remaining % by the scheduled award at your school
  - Example – 60% X \$5730 = \$3438
- Pay the normal amount in each payment period, up to the remaining amount
  - Give the student the full amount for each payment period, rather than trying to ration the remaining amount by splitting it evenly across the remaining terms

Remember: If hours are transferred into a program, the length of the program is the number of clock hours and weeks that the transfer student will be required to complete in the new program

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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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Direct Loan Calculations

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Calculation of Direct Loans

- Clock hour programs must use borrower-based academic year (BBAY 3) for all students
- BBAY is usually equal to the academic year, unless
  - Program is shorter than A/Y, or
  - Remaining portion is shorter than an A/Y
    - Loans must be prorated in both cases
- For programs longer than an academic year, student must successfully complete the clock hours and weeks in the first academic year to progress to a second annual loan

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Calculation of Direct Loans

- For programs longer than an academic year, student becomes eligible for grade level 2 annual loan amounts after successfully completing the first academic year in weeks *and* clock hours
- If student completes clock hours before completing weeks in the A/Y, or vice versa, second annual loan must be delayed until both are completed
- **Students must be enrolled in at least 12 clock hours per week to be eligible for loans**
- Annual loan amount is divided into equal disbursements and made in each payment period
  - same criteria as Pell payment periods

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Calculation of Direct Loans

*Loans must be prorated in two instances:*

- When program is shorter than academic year, or
- When remaining portion is shorter than academic year

1) Program shorter than academic year

- Annual loan amount prorated by lesser of cl. hrs. in program/cl. hrs. in A/Y OR weeks in program/weeks in A/Y

2) Remaining portion shorter than A/Y

- Annual loan amount prorated by clock hours remaining/clock hours in A/Y; no comparison required
- Clock hrs. remaining are those the student has left to complete at the end of the first academic year

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Prorate base sub/unsub separately from additional unsub

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Clock Hours

### Loan Proration

- Proration is NOT required for
  - PLUS loans
  - Graduate students
  - Teacher certification
  - Preparatory coursework
- Prorated loan limits are used in the awarding process to determine student eligibility

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### Direct Loan: Loan Periods

1200 Clock Hour Program with 900 Clock Hour / 26 Week Academic Year

1<sup>st</sup> Academic Year

Remaining Portion of Program

450 Hours  
13 Weeks

450 Hours  
13 Weeks

300 Hours\*\*  
9 Weeks

\$3,500

\$1,750

\$1,750

\$1,500

1<sup>st</sup> BBAY


2<sup>nd</sup> BBAY

\*separate calculation for additional unsub  
\$2,000 X 300 = \$667  
900

OR

\$6,000 X 300 = \$2000  
900

\*\*Single payment period loans must be broken up into 2 disbursements unless meet low CDR benefit

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### Transfer Students

- School measures academic progress in clock hours and
- Student received loan at prior school,
- Academic years overlap, and
- New school will award student Direct Loans



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Clock Hours

Abbreviated Loan periods

- New school may originate a loan for the remaining portion of the prior program’s academic year
  - Calculated in time, not hours
    - *Does not have to successfully complete clock hours to move into new DL academic year*
- Student may borrow difference between -
  - His/her annual loan limit at the NEW school, and
  - Amount received at the prior school during the AY
- No requirement for the acceptance of any transfer hours

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Transfer Example

School A: AY 9/8/15 – 3/13/16

Withdraws		3/13/15	
9/8/15	11/29/15*		
PP #1	Sub: \$1,750	PP #2	Sub: \$0
450 hrs/ 13 wks	Unsub: \$1,000	450 hrs/ 13 wks	Unsub: \$0

Loan Limit \$3,500 / \$2,000

\* Since she withdrew past the 60% point, no funds needed to be returned

School B: AY 12/15/15 – 7/10/16

Remaining AY from school A 12/15/15 - 3/13/16	3/14/16 begins new loan period and new academic year REGARDLESS OF CLOCK HOURS EARNED. Sub and Unsub loans may be up to new annual loan limit. Loan proration may apply.
Subsidized Remaining: \$1,750	
Unsubsidized Remaining: \$1,000	

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Calculation of Direct Loans

- **COA reminder:**
  - Unlike Pell, the loan COA is based on the costs for the loan period, which may not be a full academic year

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Clock Hours



Campus-Based  
Aid

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Calculation of Campus-Based Aid

- For a clock-hour program, a school may disburse a Perkins Loans or FSEOG only after it determines that the student has successfully completed the credits or clock hours and weeks of instructional time in the prior payment period (*unless first payment period*)

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Calculation of Campus-Based Aid

- FSEOG and Perkins
  - Divide the total award by the number of payment periods the student will attend in the AY
  - You still can pay in unequal amounts for unequal costs if desired
- Federal Work Study
  - Not disbursed on a payment period basis
  - FWS wages are disbursed as work is performed, usually on a weekly or bi-weekly schedule

See FSA  
Handbook  
Volume 3,  
Chapter 6

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Clock Hours

### 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/hearulemaking/2009/integrity-ga.html>

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### Contacts

- Atlanta School Participation Team
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  - Arva Thomas (IIS) 404-974-9412
  - Cassandra Weems (IIS) 404-974-9305
- Atlanta Training Officers
  - David Bartnicki – 404-974-9312
- Email – [firstname.lastname@ed.gov](mailto:firstname.lastname@ed.gov)



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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/DavidBartnicki>
  - Evaluation form is specific to David Bartnicki
- 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 feedback about training can be directed to [joann.borel@ed.gov](mailto:joann.borel@ed.gov)

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Clock Hours



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