

Academic Year Progression Under New Final Rules

The following information is derived or excerpted from the preamble to the ACG/SMART final rules published in the *Federal Register* on October 29, 2007. Since most ACG-eligible or SMART-eligible programs are measured in credit hours, that terminology is used. However, the same guidance applies to clock hours. These are highlights; please read the preamble thoroughly for all of ED's guidance. The new regulations are effective July 1, 2008, but may be implemented earlier at the institution's discretion.

Actual vs. Estimated Weeks of Instruction

1. Credit hours are always determined under an exact accounting approach. There are no estimates of a student's credit accumulation.
2. An exact accounting of the weeks of instructional time is considered the most accurate method for determining a student's academic year classification.

However, to reduce burden, alternative methods for determining *weeks of instructional time* are provided for programs that calculate payments under 691.63(b) and (c)—generally standard term programs—because these institutions have not had to account precisely for the weeks of instructional time completed by individual students for Title IV purposes.

In contrast, programs that calculate payments under 691.63(d) and (e)—generally nonstandard term and nonterm programs—must account for the actual number of weeks a student attends classes, and so the actual number of weeks must be used in academic year progression calculations; the alternatives for determining weeks of instructional time do not apply.

If a program were eligible for payment calculations under 691.63(b) or (c) but, in fact, calculated payments under 691.63(d), the institution would be required to accurately determine the weeks of instructional time attended by the student when making payment calculations, and ED believes it would be inappropriate to provide the three alternatives in that case.

Three alternatives are provided for programs eligible to use them:

- ✓ Terms-attended [691.6(f)]
- ✓ Credits-earned [691.6(g)]
- ✓ Grade-level [691.6(h)]

3. For transfer students, the student's new institution must count the number of credits that are accepted toward the student's new program, and estimate the number of weeks of instructional time completed by the student. Actual counts may no longer be used for incoming transfer students because the new regulations require an institution to base progression on the student's attendance in all ACG and National SMART Grant eligible programs *only* at the institution in which the student is currently enrolled. (More information is provided further below on transfer students.)
4. A student may request that the institution perform an exact accounting. The institution must comply. Once the results are obtained, a student may not rescind his or her request.
5. Once an exact accounting is performed, whether the student requested it or the institution chose to perform it, the results must be used. From that point forward all of the student's coursework at the institution must be assessed using the exact accounting method.

Transitions

1. The transitional guidance in GEN-06-18 is no longer valid upon implementation of these new final regulations. Thus, *gone* are:
 - Any method that includes weeks of instruction attributable to credits derived from: AP, IB, other testing out, or life experience, or credits earned while in high school under specified conditions; and
 - Extensions until graduation of fourth-academic-year National SMART Grant eligibility and second-academic-year of associate degree programs for ACG eligibility.
2. There is no grandfathering of students whose progression had been based on the transitional guidance. Some students may, as a result, regress in academic classification. For example, a student was deemed second year because the assumption method was used and he had AP credit and credit from college courses taken while in high school. Under the new rules, he would be first year because the transitional guidance allowing an assumption of weeks based on all accrued credits will lapse. ED acknowledges that applying the new rules may delay awards for some students until they progress to the point they were previously deemed to have reached, but believes that most of these students will still be eligible to receive the same amount of grant funds from that point forward.

Eligibility for grants at the revised status depends on the student's circumstances. A student who received a third-academic-year National SMART Grant Scheduled Award under the transitional guidance may, for example, be considered to be in the second academic year in her National SMART Grant-eligible program under the new rules. That student would no longer be eligible for a National SMART Grant until she enrolls in the fourth academic year of her National SMART Grant eligible program. In this example, the student has already received a third-year National SMART Grant award; thus she may not be paid for any remaining eligibility for a second-year ACG award, even if otherwise eligible, because the student is presumed to have completed an ACG-eligible program through the second academic year at that same institution in order to qualify for the third-year award the student previously received. Because a student who has completed an ACG-eligible program through the second academic year is not eligible for a second-year ACG award, the student in this example is not eligible for a second-year ACG award.

Note, however, that the outcome of this example would be different if the student received the third-academic-year National SMART Grant award at another institution and then, upon transfer, was classified as being in his or her second academic year. If this transfer student were otherwise eligible, the student may receive any second-academic-year ACG Scheduled Award not already received at the prior institution, because academic year progression only takes into account attendance at the transfer student's current institution.

Impact of Prior Grant Payments on Academic Year Classification

1. In general, under these new regulations, an institution must follow a student's academic year progression in all ACG- and National SMART Grant-eligible programs attended by the student *at that institution*. The receipt of ACGs or National SMART Grants at other institutions would not affect the student's academic year progression at the current institution. This policy is significantly different from the current rules.
2. However, the rule allowing only one grant per academic year classification still holds; a student cannot receive a duplicate award for the same academic year at the second institution.

Academic Year Progression in General

1. A student's academic year progression must take into account:

- The credit hours, including transferred hours, credited toward—
 - *For ACGs:* ACG-eligible programs at the student's current institution;
 - *For National SMART Grants:* National SMART Grant-eligible programs at the student's current institution

and

- The weeks of instructional time earned while enrolled in—
 - *For ACGs:* ACG-eligible programs at the student's current institution plus estimated weeks based on any transferred hours;
 - *For National SMART Grants:* ACG- and National SMART Grant-eligible programs at the student's current institution plus estimated weeks based on any transferred hours;

2. Basing the student's status on accepted transfer credits plus programs attended at his or her current institution only is a significant change from current regulation.

For example, a student completes his or her first academic year in weeks of instructional time and credit hours as a part-time student while enrolled in a Bachelor of Fine Arts degree program at an institution. At the end of the first academic year, the student transfers to the same institution's school of architecture to enroll full-time in the Bachelor of Architecture degree program. The student is still considered to have completed a first academic year at the institution for purposes of receiving an ACG. The student would be considered to be entering his or her second academic year in an ACG-eligible program at the institution by continuing in the Bachelor of Architecture **without reference to** the number of credits applicable to that degree from the Bachelor of Fine Arts degree program. A student moving between National SMART Grant-eligible programs would be treated similarly.

In making these determinations, an institution may follow its general academic policies regarding degree audits. For example, an institution may consider all credits to be generally applicable to a student's bachelor's degree program under its academic policies until such time as it performs a degree audit or otherwise performs an exact accounting of a student's academic year progression.

3. The ACG and National SMART Grant Programs have different eligibility requirements because National SMART Grants are only available for qualified students who are progressing in a designated major in a National SMART Grant-eligible program. A student's attendance in ACG-eligible programs will only count for the credit hour component of academic year progression for National SMART Grants if the credits earned while in an ACG-eligible program are applicable to the National SMART Grant eligible program. For the weeks-of-instructional-time component, under 691.6(d)(2)(ii), a student is considered to have accrued weeks of instructional time in a National SMART Grant-eligible program while the student was enrolled in ACG-eligible programs.

4. A student's eligibility for a National SMART Grant is based upon his or her pursuit of an eligible major. Under 691.6(d)(2)(ii), a student may be considered to be enrolled in a National SMART Grant-eligible program only if the student has declared a National SMART Grant-eligible major, or demonstrated his or her intent to declare an eligible major, in accordance with 691.15(c)(2).

Transfer Students

1. 691.6(d)(2)(i) describes credits for which weeks of instructional time may not be assigned for the purpose of calculating academic year progression. For transfer students, an institution is responsible for determining the credits accepted on transfer that apply to a student's ACG- or National SMART Grant-eligible program and estimating the number of weeks of instructional time associated with those hours, but may rely on the documentation it normally collects from incoming transfer students to evaluate transfer credits. An institution is not required to collect additional documentation, and, unless the institution has information to the contrary, may consider all credit hours accepted on transfer as having been earned while enrolled in an ACG- and National SMART Grant-eligible program. Correspondingly, if an institution has information indicating that the transferred credits fall into one of the exclusions, it must exclude those from its calculation of weeks of instructional time for the transferred student.
2. Under 691.6(d)(3), an institution *would never perform* an exact accounting of weeks of instructional time for transfer credits but would estimate the number of weeks of instructional time completed by a transfer student. Under the new regulations, for transfer students, the estimated number of weeks of instructional time must correspond to the credits accepted in the same ratio as the weeks of instructional time in the eligible program's academic year is to the credit hours in the academic year as defined by the institution for the student's program:

$$\frac{\text{Credits accepted} \times \text{Weeks in Title IV Academic Year Definition}}{\text{Credits in Title IV Academic Year Definition}}$$

This formula for determining weeks associated with transfer credits applies regardless of the type of eligible program into which the student transfers or the payment calculation used for the program into which the student transfers. For example, an institution would use this formula to estimate weeks even for a student transferring into a nonterm program.

3. However, if an institution uses the grade-level alternative, it would be inappropriate to calculate a student's weeks of instructional time using the formula described in 691.6(d)(3). Because the grade-level alternative method to determining weeks of instructional time is driven by the credit hours accrued by the student, including transfer credits, the formula shown above would not apply. Rather, the institution must include the credit hours accepted on transfer into a student's eligible program when determining the student's grade level. This is a change from the proposed rule.

Excluded credits described in 691.6(d)(2) are still disallowed, however, when determining the weeks component under the grade-level alternative. Thus, a student's academic year classification may still differ from his or her grade level for other institutional purposes if, for example, the institution is aware that the student had AP credit among the transferred credits.

4. For a student who transfers credits from a summer term at another institution or for whom the current institution receives credits subsequent to the student's initial enrollment, the institution would estimate the number of weeks of instructional time completed by the student in the same manner as for all other transferred credit hours.
5. Once the transfer determination is made, weeks derived from subsequent attendance at the new institution under whichever method the institution normally uses is added with the estimated weeks from transfer credits for academic year classification purposes.

6. In the case of a student attending multiple institutions under a written agreement, to the extent the home institution is calculating the student's payments for payment periods under its academic calendar, including the credit hours being earned at another eligible institution, the transfer provisions of 691.6(d)(3) would not apply because the student would not be transferring these credits hours. However, if the home institution does not calculate the student's payment for a payment period, the credits would be treated as transfer credits and would be subject to those provisions.

Alternative Methods for Determining Weeks of Instructional Time

1. An institution must use the same alternative method for all students in an eligible program unless the institution performs an exact accounting, either on its own initiative or upon a student's request. While an institution must document whether it has used an alternative method or exact accounting to determine a student's weeks of instructional time, it is not required to document the basis for its decision. An institution may identify a group or groups of students in an eligible program for whom it always performs an exact accounting and then use one (i.e., the same) alternative method for determining the weeks of instructional time for all other students in the eligible program.
2. Because the alternative methods of determining academic year progression are provided for programs for which institutions do not generally track the exact number of weeks of instructional time attended by students, and because ED believes an exact accounting of weeks of instructional time to always be the best evaluation of a student's academic year standing, an institution cannot go back to an alternative method for a given student once it has implemented an exact accounting for that student.
3. An institution must comply with a student's request to perform an exact accounting. Institutions may counsel a student on the implications of initiating an exact accounting so that the student will understand all available options and that, in some circumstances, an exact calculation could reduce or delay the aid a student might receive under the estimate otherwise used by the institution.
4. A student taking some courses outside the academic calendar of his or her eligible program would still have payments calculated based on the eligible program's calendar and the courses would be considered to fall within the eligible program's calendar. Intersessions treated as part of a semester would be similarly considered to fall within a semester in the eligible program's calendar for purposes of these alternative methods.
5. An institution must qualify to use the grade-level alternative for an academic program by demonstrating that at least two-thirds of the full-time, full-year students in the program complete at least the number of weeks in its academic year definition while completing each grade level. While the institution must exclude credits for which weeks of instructional time may not be associated (AP, IB, etc.) in determining a student's grade level, excludable credits are *not* taken into consideration in applying the "two-thirds" formula. This formula applies only to full-time, full-year students during periods of enrollment in ACG- and National SMART Grant-eligible programs at the institution.

The "two-thirds" analysis can be made on an individual program-by-program basis or on an institutional basis. If an institution uses an institution-wide analysis under the grade-level alternative, it must use the grade-level alternative for all of its ACG- and National SMART Grant-eligible programs. That is, it must use the grade-level alternative method for all students at the institution for whom it does not perform an exact accounting of weeks of instructional time completed.