

Chapter 1

Academic Years, Academic Calendars, Payment Periods, and Disbursements

This chapter discusses the academic year, academic calendar, payment period, and disbursement requirements for awarding aid across the Federal Student Aid (FSA) programs. Additional information about requirements for particular FSA programs is provided in other chapters of this volume.

Academic Year Requirements

Every eligible program must have a defined academic year. A school may have different academic years for different academic 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 credit or clock hours. The program’s academic year does not have to coincide with the school’s academic calendar.

A school may treat two versions of the same academic program (day and night, for example) as separate programs and define different academic years for each version. If a school establishes separate versions of a program, with different academic years, but allows individual students to take courses from both versions, it must be able to demonstrate in which program the student is actually enrolled. Generally, to be considered enrolled in a particular program or version of a program, a student must be taking the majority of their coursework in that program. Although a school may have different academic years for different programs, it must use the same academic year definition for **all** FSA awards for students enrolled in a particular program, and for all other FSA program purposes.

Regulatory citations

Academic year minimums: [34 CFR 668.3\(a\)](#)
Weeks of instructional time: [34 CFR 668.3\(b\)](#)

Weeks of instructional time in an academic year

For both undergraduate and graduate programs, the law and regulations require an academic year to include a minimum number of weeks of instructional time.

- For a program offered in **credit hours**, the academic year must include at least 30 weeks of instructional time.
- For a program offered in **clock hours**, the academic year must include at least 26 weeks of instructional time.

Note: See *Volume 2* for information about academic year requirements for direct assessment programs, which do not measure academic progress using credit or clock hours.

The number of weeks of instructional time is based on the period that generally begins on the first day of classes in the academic year and ends on the last day of classes or the last day of examinations, whichever is later.

Schools that provide 2- or 4-year associate or baccalaureate degree programs may apply to the Department if they want to request approval to establish a full academic year of less than 30 weeks of instructional time. The Department is permitted to grant a reduction for good cause to no less than 26 weeks of instructional time. These requests are handled on a case-by-case basis. To request approval, contact the School Participation Division that oversees your school (see *Volume 2*).

Reductions in academic year length

[34 CFR 668.3\(c\)](#)

HEA Sec. 481(a)(2)(B)

For all FSA programs, a week of instructional time is any period of seven consecutive days in which –

- At least one day of regularly scheduled instruction or examinations occurs, or, after the last scheduled day of classes for a term or payment period, at least one scheduled day of study for examinations occurs.

OR

- In a program offered using asynchronous coursework through distance education or correspondence courses, the school makes available the instructional materials, other resources, and instructor support necessary for academic engagement and completion of course objectives; **and**
- In a program using asynchronous coursework through distance education, the school expects enrolled students to perform educational activities demonstrating academic engagement during the week.

Distance education and academic engagement

[34 CFR 600.2](#)

The term "asynchronous coursework" refers to coursework that students generally complete on their own schedule, at any time. This is in contrast to "synchronous coursework," in which students and their instructors are in communication at the same time. For information on distance education and correspondence coursework, see *Volume 2*.

Instructional time does not include scheduled breaks and activities not included in the definition of "academic engagement" (see *Volume 5* for more information) or periods of orientation or counseling. Therefore, the weeks of instructional time may be less than the number of calendar weeks that elapse between the first day of classes and the last day of classes or examinations. Note that the Department has not set a regulatory standard for the number of hours of instructional time that make up one day of instruction. This has been left to the reasonable interpretation of schools and their accrediting agencies.

Although most programs are at least one academic year in length, some eligible programs are shorter than an academic year. See *Volume 2, Chapter 2* for more detail on the requirements for such programs.

Weeks of instructional time:

- Cannot overlap, and a school cannot use a single day of scheduled instruction, exams, or study time to create more than one week of instruction (for example, a school may not end a week of instructional time on one day and begin the next week of instructional time on the same day);
- May begin and end on a day other than Monday, provided that each week of instructional time comprises seven consecutive days (for example, a Wednesday through the following Tuesday) which includes at least one day of scheduled instruction, exams, or study time, as required by the regulations; and
- May begin up to six days prior to the first day of scheduled instruction or exams in a payment period.

Credit or clock hours in an academic year

For *undergraduate* educational programs, the law and regulations set the following minimum standards for coursework earned by a full-time student in an academic year:

- 24 semester or trimester credit hours or 36 quarter credit hours for a program measured in credit hours; or
- 900 clock hours for a program measured in clock hours.

For *graduate and professional* programs, there is no minimum number of hours in an academic year.

Academic year definition and effect on awards

The FSA academic year that a school defines for a program has to meet the regulatory minimums for both clock or credit hours AND weeks of instructional time, as described above. In some instances, the defined academic year for a program may not coincide with the academic calendar of the school. For example, a school might define the academic year for a program as containing 24 semester hours and 30 weeks of instructional time but have an academic calendar consisting of four 8-week nonstandard terms (i.e., 32 weeks of instructional time). This would affect the calculation of Pell Grant awards, as explained in *Chapter 3* of this volume.

As discussed later in this chapter and in *Chapter 5*, the timing of disbursements and, for the Direct Loan Program, annual loan limit progression will be affected if a program is an academic year in length in credit or clock hours but not in weeks of instructional time, or for a program longer than an academic year in length, if a student's completion of the credit or clock hours in the program's academic year does not coincide with completion of the weeks of instructional time in the academic year.

Counting Weeks of Instructional Time

August						
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	28
29	30	31				
September						
			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	28	29	30		
October						
				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	28	29	30
31						
November						
	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
28	29	30				
December						
			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	28	29	30	31	

This graphic illustrates how you would count weeks of instructional time in a standard semester term where classes are held Monday through Friday. In this hypothetical term,* classes begin on Monday, August 23rd, and end on Friday, December 10th, with examinations held December 13th-17th.

The circles indicate the points at which each of the 17 weeks of instructional time begin.

There are no classes on Labor Day (September 6th), Veterans Day (November 11th), or during Thanksgiving break (November 24th-26th), but each week that includes these dates still counts as a week of instructional time since each includes at least one day of regularly scheduled instruction. The week of exams that begins on December 13th also counts as a week of instructional time.

If a week in the term has no days of instruction, examination, or (after the last day of classes) study for examination, that week does NOT count as a week of instructional time. For example, a week only of vacation days is not a week of instructional time.

*Note that this example is not meant to illustrate any specific calendar year.

Academic Calendars and Terms

Schools offer programs with many kinds of academic calendars that differ from the traditional fall-spring school year. For the FSA programs, academic calendars may be one of the following types:

- standard term,
- nonstandard term,
- non-term (includes clock-hour calendars), or
- subscription-based

In a **standard term or nonstandard term academic calendar**, a term is generally a period in which all classes are scheduled to begin and end within a set time frame, and academic progress is measured in credit hours.

In a **non-term academic calendar**, classes do not begin and end within a set time frame, such as a term. Academic progress in a non-term program can be measured in either credit or clock hours. In some cases (as discussed below), a program with terms must be treated as a non-term program for FSA purposes.

A **subscription-based academic calendar** is used only by subscription-based programs. A subscription-based program is a standard or nonstandard term program in which the school charges a student for each term on a subscription basis with the expectation that the student will complete a specified number of credit hours (or the equivalent) during that term. However, classes in a subscription-based program are not required to begin or end within a specific timeframe in each term, as is the case in a standard term or nonstandard term calendar that is not subscription-based. For more detail on subscription-based programs, see *Volume 2*.

A subscription-based academic calendar consists of "subscription periods" that are either standard or nonstandard terms. The term "subscription period" is synonymous with "term" and "payment period" (payment periods are covered later in this chapter). Except for the fact that classes are not required to start and end within a term, the rules and requirements for term-based programs that are not subscription-based also apply to subscription-based programs. These requirements include:

- Minimum and maximum term length restrictions for standard terms (see the discussion in the next section of this chapter);
- Requirements for determining full-time enrollment (see *Volume 1*);
- Use of a Scheduled Academic Year (SAY), Borrower-Based Academic Year 1 (BBAY 1), or BBAY 2 for monitoring Direct Loan annual loan limit progression (see *Chapter 5* of this volume); and
- Use of Pell Grant formulas 1, 2, or 3 to calculate Pell Grant awards (see *Chapter 3* of this volume).

Subscription-based program

[34 CFR 668.2\(b\)](#)

Whether an academic calendar is standard term, nonstandard term, non-term, or subscription-based has implications for how aid is awarded and disbursed under the FSA programs.

Standard terms: semesters, trimesters, and quarters

Semesters and trimesters contain between 14 and 21 weeks of instructional time. However, a summer term in a program using semesters or trimesters may contain fewer than 14 weeks. An academic calendar that uses semesters or trimesters traditionally has three terms, one each in the fall, spring, and summer, two of which comprise an academic year. For

example, in a program using a Scheduled Academic Year (SAY) calendar, fall and spring would comprise an academic year. In a program using a Borrower-Based Academic Year (BBAY) calendar, an academic year could consist of any two consecutive terms such as spring-summer or summer-fall. Academic progress is measured in semester or trimester credit hours, and full time is at least 12 semester or trimester credits.

Quarters contain between nine and 13 weeks of instructional time. As with programs using semesters or trimesters, a summer term in a quarterbased program may contain fewer than nine weeks. An academic calendar using quarters typically includes four terms in the fall, winter, spring, and summer, three of which comprise an academic year. For example, the fall, winter, and spring quarters would comprise an academic year in a program using SAY calendar. In a program using a BBAY calendar, an academic year could be any three consecutive terms, such as spring-summer-fall, or summer-fall-winter. Academic progress is measured in quarter credit hours, and full time is at least 12 quarter credits.

Standard term length

[November 5, 2019 Electronic Announcement](#)

Semesters and quarters may contain as few as 14 and nine weeks, respectively. Therefore, a school that defines the academic year for a program as 24 semester hours or 36 quarter hours and 30 weeks of instructional time could have fall and spring semesters of 14 weeks each, resulting in 28 weeks of instruction, or fall, winter, and spring quarters of nine weeks each, resulting in 27 weeks of instructional time. However, because the academic year for a program that measures academic progress in credit hours must include a minimum of 30 weeks of instructional time, a school with such an academic calendar would be required to calculate Pell Grant awards using either Pell Grant Formula 2 or Pell Grant Formula 3 (see *Chapter 3* of this volume).

For Direct Loan purposes, two 14-week semesters or three 9-week quarters could not constitute an SAY or BBAY, since the number of weeks of instructional time in an SAY or BBAY must generally meet the minimum 30-week statutory requirement (see *Chapter 5* of this volume). In order for its fall and spring semesters or fall, winter, and spring quarters to comprise an SAY or BBAY, the school would need to modify its calendar to ensure that there are at least 30 weeks of instruction in the fall and spring semesters or fall, winter, and spring quarters combined (for example, a 16-week fall semester and a 14-week spring semester).

Standard terms need not be of equal length. For example, a school could offer a program using semesters with the academic year consisting of a 14-week fall semester and a 20-week spring semester, or a program using quarters with the academic year consisting of a 13-week fall quarter, a 9-week winter quarter, and an 11-week spring quarter.

In addition, the number of weeks in a standard term may vary from year to year during the course of a program. For example, a school could offer a two-year program with the first academic year consisting of two 15-week semesters, and the second academic year consisting of two 20-week semesters.

In a standard term academic calendar, a term may contain an occasional class or classes that are longer than the normal term or that begin or end beyond the normal start or end date of the term, as long as the class or classes do not overlap another term (see below). However, if classes routinely extend a week or more beyond the normal term start or end dates, the school must revise the official length of the term.

Generally, if the combined length of a term and an extended class or classes is greater than the maximum number of weeks allowed for a standard term, the program must be considered a nonstandard term program for FSA program purposes. For example, if a 17-week semester contains a class that does not end until five weeks after the normal semester end date, the term must be considered nonstandard, because the combined length of the term and the extended class is 22 weeks, which exceeds the maximum 21 weeks permitted for a semester.

There is an exception to this general rule for standard quarters that are 12 weeks in length. A 12-week quarter may still be considered a standard term if it contains a class or classes that begin not more than two weeks before the official beginning date of the term or that end not more than two weeks after the official ending date of the term (for a total

period not to exceed two weeks). For example, a 12-week quarter containing a class that extends two weeks beyond the normal term ending date may still be considered a standard term, even though the combined length of the term and the extended class (14 weeks) exceeds the maximum 13 weeks allowed for a quarter.

The limited exception for 12-week quarters preserves a flexibility that was allowed under the policy on standard term length that was in effect prior to the implementation of the changes described in the [November 5, 2019 Electronic Announcement](#). Under prior policy a quarter could not exceed 12 weeks, but a quarter with a class or classes that extended beyond the normal term beginning or ending dates by not more than two weeks could still be considered a standard term.

Note that the requirements described above do not apply to standard terms in a subscription-based academic calendar. As explained earlier, classes in a subscription-based program are not required to begin and end within a term.

Standard terms (including standard terms in a subscription-based program) may not overlap within a program. In addition, if an extended class overlaps another term in a program that is not a subscription-based program, the program’s academic calendar must be treated as non-term.

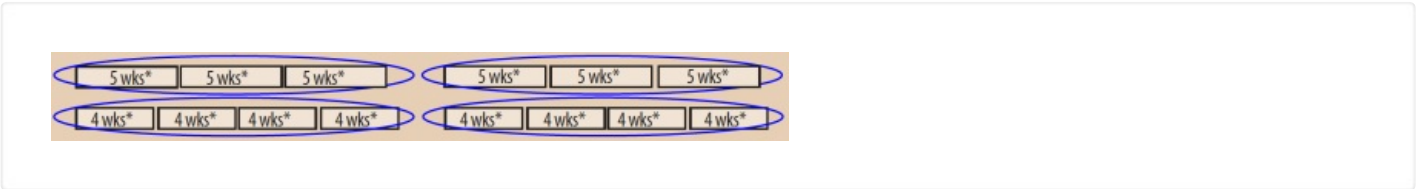
Combining modules into a standard term

Except for subscription-based programs, in a program using a standard term academic calendar you may combine two or more consecutive shorter nonstandard terms (often called modules) and treat them as a single standard term such as a semester or quarter. For example, you might offer a program in a series of modules, each of which is six weeks in length, with students earning six quarter credits in each module. Although a single 6-week module could not constitute a quarter (because it contains fewer than the minimum nine weeks required for a quarter), you could choose to treat two consecutive 6-week modules as a single 12-week quarter.

There are no modules in subscription-based programs for Title IV purposes.

Treatment of modules

As shown in the graphic below, a school could choose to group three 5-week modules together and treat them as a 15-week semester, or it could combine four 4-week modules into a 16-week semester.



On the other hand, programs offered in modules may also be treated as nonstandard term or non-term programs. For instance, in the first of the two examples shown above the school could treat each 5-week module as a nonstandard term, or could consider this to be a non-term program. Whatever academic calendar your school adopts for a program, you must apply it to all students enrolled in that program and document the program’s treatment in your policies and procedures manual.

*Weeks in these examples are weeks of instructional time, as defined earlier in this chapter.

Intersessions

In certain limited cases for academic programs offered in standard terms, a short nonstandard term may be combined with a preceding or following standard term and considered to be a single standard term. These short nonstandard terms are often called “intersessions.” For example, a program might be offered in an academic calendar consisting of two 15-week semesters, fall and spring, with a 4-week intersession between the two semesters. To consider the program as being offered in standard terms, you must combine the intersession with either the fall semester or the spring semester and treat the combined intersession and semester as a single term. If you choose to take this approach, the same treatment

must be applied for all FSA purposes to all students enrolled in the program. In addition, hours taken in the intersession must count toward a student's enrollment status for the combined term, and costs for the intersession must be included in the cost of attendance.

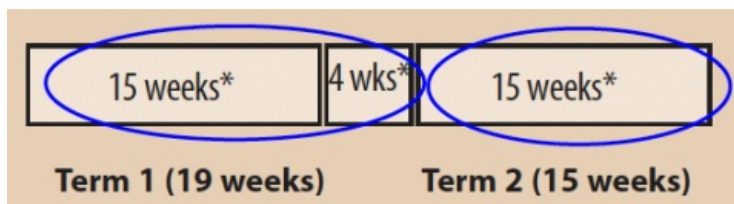
In some cases, an intersession may partially overlap one or more standard terms. If the intersession overlaps just one standard term, you may still consider the program to be offered in standard terms if you combine the overlapping intersession with the standard term and treat that combination as a single term, as described above.

If you choose not to combine an intersession with a standard term as described above and instead treat the intersession as a standalone term, or if an intersession partially overlaps more than one standard term, the program must be treated as a non-term program for Direct Loans, and a Formula 3 program for Pell Grants and Teacher Education Assistance for College and Higher Education (TEACH) Grants. Regardless of whether you treat an intersession as a standalone term or combine it with a standard term, you may not have a policy of prohibiting otherwise eligible students from receiving FSA program funds to cover costs associated with enrollment in the intersession.

Intersessions are not permitted in subscription-based programs.

Combining an intersession with a standard term

Dunston College offers a degree program in education with a 4-week intersession between two 15-week semesters. The terms don't overlap. Dunston College has defined the academic year for this program as 24 semester hours and 34 weeks of instructional time. Dunston College could combine the intersession with one of the standard terms, and treat the program as being offered in two semesters:



Dunston College can also choose not to combine the terms. In this case, the program would have a 4-week nonstandard term and two standard terms (semesters). As noted earlier, this means that Dunston College would treat this as a non-term program for Direct Loan purposes and would use Formula 3 for calculating Pell Grant and TEACH Grant awards.

*Weeks in this example are weeks of instructional time, as defined earlier in this chapter.

Inclusion of clinical work in a standard term

Periods of clinical work such as medical and education program work which is conducted outside the classroom may not be included in a standard term, unless **all** of the following apply:

- All students in the program must participate in a practicum or clinical experience and its completion is required for graduates to apply for licensure or authorization to practice the occupation those students intend to pursue;
- The school has little or no control over the length or start/end dates of the practicum or clinical experience. This may be due to constraints imposed by outside licensing bodies or the need to accommodate schedules of entities with which students are being placed (e.g., school districts or hospitals); and
- Credit hours associated with the practicum or clinical experience must be associated with the term in which most of the training occurs, even if the starting and ending dates do not exactly align with the term dates and/or overlap with another term.

If the clinical work meets all of the above criteria, terms which include such clinical work are not required to be considered

nonstandard, nor are such programs required to be considered non-term, even if the clinical work overlaps another term. This flexibility is limited to required clinical periods associated with standard term programs in medicine (allopathic, osteopathic, nursing and veterinary), pharmacy, physical therapy, and student teaching required to obtain a state teaching certificate.

Nonstandard terms

Generally, nonstandard terms are terms that are not semesters, trimesters, or quarters. For example, a 5-week term or a 23-week term would be considered a nonstandard term because no standard term can be fewer than nine weeks or greater than 21 weeks in length. Like standard terms, nonstandard terms may be equal in length or may be of different lengths. If a program is offered in a mixture of standard terms and nonstandard terms, the program is considered to be offered in nonstandard terms.

Even if a school calls its terms semesters, trimesters, or quarters, they are considered to be nonstandard terms if they do not comply with the policy on standard term length, as described earlier. For instance, a 22-week semester or an 8-week quarter must be treated as a nonstandard term, because a semester cannot contain more than 21 weeks and a quarter must include a minimum of nine weeks.

Semesters, trimesters, or quarters are also considered to be nonstandard terms if academic progress is not measured in the manner normally associated with the type of term. For example, if a program is offered in 15-week semesters but measures academic progress in quarter credit hours, the semesters would be considered nonstandard terms.

Non-term characteristics

A program that measures progress in clock hours is always treated as a non-term program.

Except for subscription-based programs, a program that measures progress in credit-hours is considered to be using a non-term calendar if it has:

- Courses that do not begin and end within a set period of time such as a term;
- Courses that overlap terms;
- Self-paced and independent study courses that overlap terms; or
- Sequential courses that do not begin and end within a term.

Payment Periods

The payment period is applicable to all FSA programs except the Federal Work Study (FWS) Program. For example, FSA program disbursements (except FWS payments) must be made on a payment period basis. Another example is that a student’s satisfactory academic progress (SAP) evaluation must correspond with the end of a payment period.

The definition of a payment period depends on the kind of academic calendar your school uses and the FSA program for which you are disbursing funds.

Payment periods

[34 CFR 668.4](#)

Programs using standard terms or nonstandard terms that are substantially equal in length

For credit-hour programs with standard terms or with nonstandard terms that are substantially equal in length, the payment period is the term. Nonstandard terms are considered to be substantially equal in length if no term in a program

is more than two weeks of instructional time longer than any other term in the program.

Substantially equal in length

[34 CFR 668.4\(h\)\(1\)](#)

Programs with nonstandard terms not substantially equal in length

Nonstandard terms are considered to be not substantially equal in length if any nonstandard term in a program is more than two weeks of instructional time longer than another term in the same program.

For the Pell Grant, TEACH Grant, and Federal Supplemental Educational Opportunity Grant (FSEOG) programs, the payment period for a credit-hour program with nonstandard terms that are not substantially equal in length is the term.

For the Direct Loan Program, if a program has nonstandard terms that are not substantially equal in length, the payment period is the same as described below for clock-hour and non-term programs.

Clock-hour and non-term programs

For all clock-hour programs and for credit-hour programs that do not have academic terms, payment periods are defined below. As noted earlier, these same payment period requirements also apply when disbursing Direct Loans to students enrolled in programs with nonstandard terms that are not substantially equal in length.

If you are determining the payment periods for a program for which one of the measures (either clock or credit hours or length of instructional time) is less than an academic year and the other measurement is not, the program is considered less than an academic year in length, and you follow the payment period rules below for a program that is one academic year or less in length.

If the program is one academic year or less in length:

- The first payment period is the period in which the student successfully completes half of the credit or clock hours AND half of the weeks of instructional time in the program.
- The second payment period is the period in which the student completes the remainder of the program.

Successfully completes

[34 CFR 668.4\(h\)\(2\)](#)

If the program is more than one academic year in length:

- For the first academic year of the program and for any subsequent full academic year, follow the payment period rules above for a program that is one academic year or less in length, substituting “academic year” for “program.”
- For any remaining portion of a program that is more than half of an academic year (as measured in both clock or credit hours and weeks of instructional time), but less than a full academic year—
 - The first payment period is the period in which the student successfully completes half of the credit or clock hours AND half of the weeks of instructional time in the remaining portion of the program; and
 - The second payment period is the period of time in which the student successfully completes the remainder of the program.

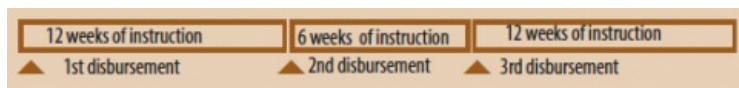
- For any remaining portion of a program that is half of an academic year or less, the payment period is the remainder of the program.

Example: Nonstandard terms not substantially equal in length

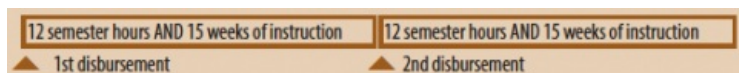
For a nonstandard term program, you may have to use different payment periods for Direct Loans than the ones you use for FSA grants. In this example, we show how the payment periods for a Pell Grant and a Direct Loan can differ in a program that has nonstandard terms that are not substantially equal in length. In this program, the payment periods for Pell Grants are the terms, while the payment periods for the Direct Loan are the non-term payment periods.

Academic Year = 24 semester hours and 30 weeks of instructional time

Pell Grant: Payment periods are the nonstandard terms (three disbursements)



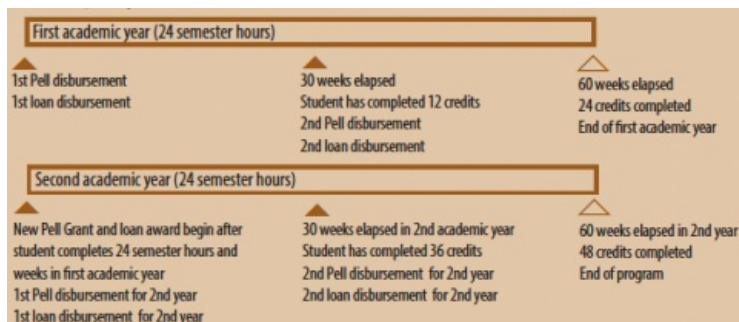
Direct Loan: Payment periods are determined by credit-hours and weeks (two disbursements)



Example: Half-time student in a non-term program

The illustration below shows how Pell Grants and Direct Loans would be disbursed for a student enrolled half-time in a program of 48 semester credits that a full-time student completes in 60 weeks of instructional time. For this program, the school has defined the academic year as 24 semester credits and 30 weeks of instructional time.

Under the regulations, this half-time student would receive second disbursements after completing half of the credit hours AND half of the weeks of instructional time in the academic year. Because the student in the example is enrolled only half time, it takes the student 30 weeks of instructional time to successfully complete 12 credit hours, after which the second Pell and loan disbursements can be made. The student is eligible for a new loan and a new Pell Grant once the student has successfully completed 24 credit hours and 60 weeks.



Progression to next payment period based on completion of hours and weeks

As described in the previous section, there are two cases where you must use credit or clock hours and weeks of instructional time to determine the length of the payment period:

- Clock-hour and non-term credit-hour programs; and
- For Direct Loans, programs with nonstandard terms that are not substantially equal in length.

For these programs, a new payment period for purposes of making the next disbursement of a grant or loan cannot begin until the student successfully completes **both** the credit or clock hours **and** the weeks of instruction in the previous payment period. A student “successfully completes” credit or clock hours if your school considers the student to have passed the coursework associated with those hours.

The Pell Grant or TEACH Grant amount that a student is eligible to receive for a payment period is based on the number of hours and weeks in the scheduled payment periods for a program that are established at the beginning of the program based on the program length (as described earlier in this section). These scheduled payment periods do not change, regardless of a student’s rate of progression through a clock-hour or non-term credit-hour program. This means that if a student completes additional weeks of instructional time or hours while completing the other measure of a payment period, the actual number of weeks or hours that the student completes before a disbursement can be made for the next payment period may differ from the number of weeks or hours in the scheduled payment period used to determine the student’s grant amount for the payment period.

Although a student’s completion of additional weeks or hours in a payment period has no effect on the scheduled payment periods for purposes of determining Pell Grant and TEACH Grant payment amounts, an undergraduate student who accelerates in a clock-hour or non-term credit-hour program may have reduced Direct Loan eligibility in the final academic year of a program. Specifically, if a student enrolled in a program that is greater than one academic year in length completes additional clock or credit hours prior to the final academic year of the program, this may result in a final period of study that contains fewer clock or credit hours than the number of hours in the program’s defined academic year. In this circumstance, the Direct Loan annual loan limit for an undergraduate student must be prorated (reduced).

The principles described above are illustrated by the examples in *Appendix A* at the end of this chapter. For guidance on calculating Pell Grant and TEACH Grant awards for clock-hour and non-term credit-hour programs, see *Chapter 3* of this volume. For information on Direct Loan annual loan limit proration and annual loan limit progression in clock-hour and non-term credit-hour programs, see *Chapter 5*.

If your school is unable to determine when a student has successfully completed half of the credit or clock hours in a program, academic year, or remainder of a program, the student is considered to have begun the second payment period of the program, academic year, or remainder of a program at the later of the date (identified by your school) that the student has successfully completed:

- half of the academic coursework in the program, academic year, or remainder of the program; **or**
- half of the number of weeks of instructional time in the program, academic year, or remainder of the program.

Clock-hour programs with terms

The payment periods for clock-hour programs that use terms are determined in the same way as for non-term clock-hour programs. A student enrolled in such a program must successfully complete all the clock hours in the payment period before receiving additional FSA funds for the next payment period. This means that the payment period starting dates may not coincide with the starting dates of the terms in the program.

Prior year charges allowance

You may include up to \$200 for prior-year charges in one or more payment periods in the current award year (\$200 total, not in each payment period in the current award year). This \$200 allowance must only be for tuition, fees, school-provided room and board, and, with the student’s or parent’s authorization, educationally related goods and services provided by the prior-year school.

Prior year charges

[34 CFR 668.164\(c\)\(3\)](#)

Timing of Disbursements—General Rules

Except for FWS wages, FSA disbursements are made on a payment period basis. Except when making retroactive disbursements for completed payment periods (as discussed later in this chapter), you must disburse the Title IV funds during the payment period to which they apply. The timing of disbursements is especially important for Pell Grants, TEACH Grants, and Direct Loans, because you must report disbursement dates to the Department through the Common Origination and Disbursement (COD) system.

There are special rules for the timing of disbursements in subscription-based programs. A student enrolled in a subscription-based program can complete a subscription period (payment period) and begin the next subscription period when the calendar period associated with the previous subscription period ends, but the student may not receive a disbursement for the next subscription period if they have not met the course completion requirements that are unique to subscription-based programs. We explain these requirements under "Review of completion" later in this chapter and in *Appendix B* at the end of the chapter.

Disbursement timing citations

[34 CFR 668.164\(b\)](#), HEA Sec. 428G

Early disbursements: [34 CFR 668.164\(i\)](#)

30-day delay for 1st-time Direct Loan borrowers: [34 CFR 685.303\(b\)\(5\)](#)

2nd and subsequent Direct Loan disbursements: [34 CFR 685.303\(d\)\(3\)](#)

Basic rules for early disbursements

The regulations place limitations on the earliest date that a school may disburse FSA funds. With certain exceptions that are discussed below, the general rules for making early disbursements are as follows:

Except for subscription-based programs, in a credit-hour program offered in standard terms, or offered in nonstandard terms that are substantially equal in length, the earliest that a school may disburse FSA funds by crediting the student's account or by paying directly to the student or parent is 10 days before the first day of classes of a payment period.

In a credit-hour program offered in nonstandard terms that are not substantially equal in length (except for a subscription-based program), a non-term credit-hour program, or a clock-hour program, the earliest a school may disburse FSA funds is the later of:

- 10 days before the first day of classes of a payment period; or
- The date the student completed the previous payment period for which he or she received FSA funds.

In a subscription-based program, the earliest a school may disburse FSA funds is the later of:

- 10 days before the first day of classes of a payment period; or
- The date the student has completed the cumulative number of credit hours required to receive a disbursement for the payment period.

Exceptions to early disbursement rules

If a student is in the first year of undergraduate study and is a first-time borrower, your school may not make the first disbursement of a Direct Subsidized Loan or a Direct Unsubsidized Loan until 30 calendar days after the first day of the student's program of study. For this purpose, a first-time borrower is someone who has not previously received a Direct Subsidized Loan or Direct Unsubsidized Loan made under the Direct Loan Program, or a Subsidized Federal Stafford Loan, Unsubsidized Federal Stafford Loan, or Federal Supplemental Loan for Students made under the Federal Family Education Loan (FFEL) Program. However, you are not required to delay disbursement for such students if your school has a cohort default rate of less than 15% for each of the three most recent years for which data are available, or if your school is a home school originating a loan to cover the cost of attendance in a study abroad program and has a cohort default rate of less than 5% for the single most recent year for which data are available.

If a student is scheduled to begin class in a module of a term-based program that starts after the first day of classes for the term, you may not make the initial disbursement until 10 days before the start of the first module in which the student is scheduled to begin attendance.

If you post a credit to a student's account before the earliest date permitted by regulation, the date the FSA funds are considered to be disbursed is the earliest date permitted by regulation.

You may not compensate a student who is employed under the FWS program until the student earns that compensation by performing work.

Exceptions to Direct Loan delayed disbursement requirement for first-year, first-time borrowers

[34 CFR 685.303\(b\)\(5\)](#)

Retroactive disbursements for completed payment periods

If your school did not make a disbursement of FSA funds to an enrolled student for a payment period that the student completed, you must pay the student retroactively for all prior completed payment periods within the current award year or loan period for which the student was eligible. For example, if you don't receive a valid SAR/ISIR for a student until the spring term, but the student was also enrolled and eligible for a disbursement in the previous fall term, that student must be paid retroactively for the fall term. A school can make the retroactive disbursements in one lump sum.

If you are retroactively paying a Pell Grant or TEACH Grant for a completed payment period in the same award year in which no disbursement has been made, the grant must be based on the hours completed by the student for that payment period. For example, if the student had enrolled full time at the beginning of the fall term but dropped to half-time status by the end of the term, the retroactive disbursement must be based on half-time status. At a term school, all completed coursework counts toward enrollment status, including earned "F" grades and incompletes that have not converted to "F" grades because the student failed to complete the coursework.

Retroactive disbursements

General: [34 CFR 668.164\(k\)](#)

Pell: [34 CFR 690.76\(b\)](#)

Direct Loans: [34 CFR 685.303\(d\)\(4\)](#)

Excused absences in clock-hour programs

In a clock-hour program, you are allowed to count a limited number of excused absences when deciding whether the student has completed the hours in a payment period. An excused absence may only be counted if the student is excused from hours that were actually scheduled, were missed, and do not have to be made up for the student to receive the degree or certificate for the program.

For instance, a student in a program that has 450-clock-hour payment periods might miss 20 clock hours and only have attended 430 clock hours at the point where other students who did not miss any clock hours had received 450 clock hours of instruction. If your school has an excused absences policy, the 20 missed clock hours are considered excused, and this student could be paid the next disbursement.

To be counted for FSA purposes, excused absences must be permitted in your school's written policies, and the number of excused absences that may be counted when determining whether a student completed the hours in a payment period may not exceed ***the lesser of—***

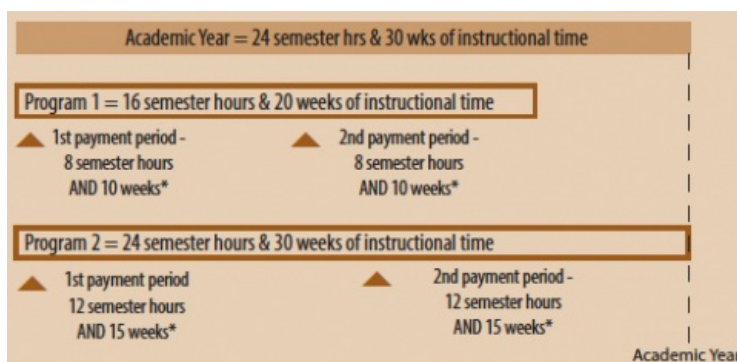
- The policy on excused absences of your school's accrediting agency or, if you have more than one accrediting agency, the policy of the agency that you designate to the Department as the agency whose accreditation will be used in determining your school's eligibility to participate in the FSA programs (see the guidance in *Volume 2* on "Dual accreditation" for more information);
- The policy on excused absences of any state agency that licenses your school or otherwise legally authorizes your school to operate in the state; or
- 10% of the clock hours in the payment period.

Excused absences in clock-hour programs

[34 CFR 668.4\(e\)](#)

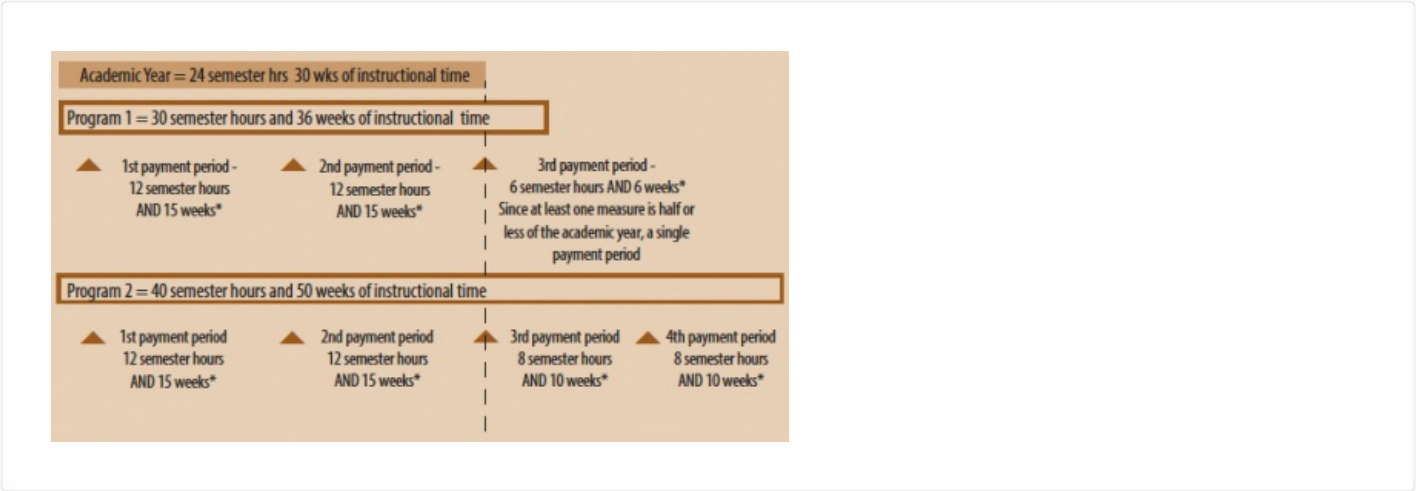
Non-term Programs—One Academic Year or Less

In both of these examples, the school defines the academic year for the program as 24 semester hours and 30 weeks of instructional time. The first program is less than an academic year; the second program is a full academic year.



Non-term Programs—More than an Academic Year

In both of these examples, the school defines the academic year for the program as 24 semester hours and 30 weeks of instructional time. The first program is an academic year with a remaining portion less than half of an academic year; the second program is an academic year with a remaining portion greater than half of an academic year.



*Weeks of instructional time.

Disbursement by Payment Period Required
(except as provided in the discussion following this chart)

Program Type	Direct Loan	Pell, TEACH, and FSEOG
Credit-hour programs offered in standard terms and nonstandard term programs offered in terms that are substantially equal in length.	The payment period is the term.	The payment period is the term.
Credit-hour programs offered in nonstandard terms that are not substantially equal in length.	<div>The payment period is the period of time in which the student successfully completes*:<ul style="list-style-type: none">half of the weeks of instructional time in the academic year/program less than an academic year; andhalf of the credit hours in the academic year/ program less than an academic year.</div> <div>For the remainder of a program equal to or less than half of an academic year, the payment period is the remainder of the program.</div>	The payment period is the term.

Clock-hour programs and non-term credit-hour programs.	<p>The payment period is the period of time in which the student successfully completes*:</p> <ul style="list-style-type: none"> • half of the weeks of instructional time in the academic year/program less than an academic year; and • half of the clock/credit hours in the academic year/program less than an academic year. <p>For the remainder of a program equal to or less than half of an academic year, the payment period is the remainder of the program.</p>	<p>The payment period is the period of time in which the student successfully completes*:</p> <ul style="list-style-type: none"> • half of the weeks of instructional time in the academic year/program less than an academic year; and • half of the clock/credit hours in the academic year/program less than an academic year. <p>For the remainder of a program equal to or less than half of an academic year, the payment period is the remainder of the program.</p>
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***Successful completion means that the student has earned a passing grade or otherwise received credit for the credit or clock hours in the payment period.**

Direct Loan disbursements when the loan period is a single payment period

Unless it qualifies for an exception based on low cohort default rates (see below), a school must make at least two disbursements of a Direct Loan if the loan period is a single payment period:

- For credit-hour programs offered in standard terms or offered in nonstandard terms that are substantially equal in length with no term less than nine weeks of instructional time in length, the second disbursement may not be made until the calendar midpoint between the first and last scheduled days of class in the loan period.
- For all other programs, including clock-hour and non-term credit-hour programs, and nonstandard term programs with terms that are not substantially equal or with terms that are substantially equal and less than nine weeks of instructional time in length, the second disbursement may not be made until the student successfully completes half of the weeks of instructional time in the payment period, and half of the clock or credit hours in the payment period.

Exceptions: A school with a cohort default rate of less than 15% for each of the three most recent fiscal years for which data are available may disburse a Direct Loan in a single installment if the loan period is not more than one semester, one trimester, one quarter or, for non-term-based schools or schools with nonstandard terms, four months.

In addition, if the loan period is a single payment period and more than half of the payment period has elapsed before the school has made a disbursement, the school may include in the disbursement loan proceeds for the entire payment period.

Exception to multiple Direct Loan disbursement requirement for study abroad programs

Regardless of the length of the loan period, you may disburse a Direct Loan in a single installment if the loan is to cover a student's cost of attendance in a study abroad program and your school's calculated cohort default rate is less than 5% for the most recent fiscal year for which data are available.

Determining Direct Loan disbursement dates and amounts

Pell or TEACH Grant disbursements within a single term

If a school uses Formula 3 to calculate a Pell Grant or TEACH Grant, the student's total payment for a payment period may exceed 50% of the student's annual award. However, the student must first complete in that payment period at least half of the weeks of instructional time in the academic year.

Review of completion

Term-based programs using credit hours (except subscription-based programs)

For a credit-hour term program that is not a subscription-based program, there is no requirement that a student successfully complete a certain amount of coursework to receive disbursement of Title IV funds in the next term. For instance, a student could receive a Pell Grant or Direct Loan disbursement in the spring term after failing several courses in the fall term, provided that the student is still making satisfactory progress under the school's policy. (Note, however, if a program uses nonstandard terms that are not substantially equal in length, you must use the non-term-based rules for Direct Loan disbursements, as discussed below.)

Clock-hour and non-term programs: Pell Grants, FSEOG and TEACH Grants

For a credit-hour program without terms or a clock-hour program, a school may disburse a Pell Grant, FSEOG or TEACH Grant only after it determines that the student has successfully completed the credit or clock hours and weeks of instructional time in the prior payment period.

Clock-hour, non-term, and certain nonstandard term programs: Direct Loans

If an educational program does not use terms to measure academic progress for FSA purposes, the school may not make the second disbursement of a Direct Loan until the student successfully completes the weeks of instructional time **and** the credit or clock hours in the payment period. These coursework completion requirements apply to clock-hour and non-term programs, and programs with nonstandard terms that are not substantially equal in length.

Subscription-based programs: Direct Loans, Pell Grants, FSEOG, and TEACH Grants

For the first two subscription periods (terms) that a student attends in a subscription-based program, there is no requirement for the student to have completed a certain amount of coursework before receiving a disbursement of Title IV funds (the same as in any other term-based program using credit hours). However, to receive a disbursement of Title IV aid for each subsequent subscription period in the program, the student must have completed a cumulative number of credit hours equal to the total of the number of hours for which the student was enrolled in all previously attended subscription periods in the program, excluding the number of hours for which the student was enrolled in the most recently attended subscription period. For more detailed guidance on the disbursement rules for subscription-based programs, including examples, refer to *Appendix B* at the end of this chapter.

Multiple disbursements within a payment period

FSA regulations generally permit schools to pay FSA funds at such times and in such installments *within* each payment period as will best meet students' needs. This gives schools the ability to apportion the payment if doing so will be in the best interest of the student. For example, if a payment period is particularly long, a school might choose to pay in multiple installments to the extent program requirements permit to ensure that a student will have funds to pay rent later in the payment period. Note, however, that making multiple disbursements within a payment period does not create a new or additional payment period.

Prohibition on delaying disbursement

FSA funds must be provided to students in a timely manner to best assist them in paying their educational expenses. Consequently, a school may not delay the disbursement of funds until after the 60% point, for example, to avoid performing a Return of Title IV Funds calculation and the requirements that go along with it, or to prevent the student from having to return funds upon withdrawal.

Timing of FSA Grant and Loan Disbursements

The cash management regulations specify that a school must disburse all FSA grant and loan funds on a payment period basis. For all programs other than FWS, FSA funds are disbursed using the payment period definitions in [34 CFR 668.4](#). A school must submit disbursement records to the COD system no later than 15 days after making a Pell Grant or Direct Loan disbursement. See *Volume 4* for more detail on cash management requirements.

Disbursements in credit-hour term-based programs

As noted earlier, for a student enrolled in a credit-hour program that uses any type of academic term, for Pell Grant, TEACH Grant, and FSEOG funds, the payment period is the academic term. Under the advance payment method, actual disbursement information can be submitted no earlier than seven calendar days prior to the disbursement date. For more information on the advance payment method, see *Volume 4* of the FSA Handbook.

Disbursements in clock-hour and non-term credit-hour programs

For clock-hour programs and non-term credit-hour programs, a student can receive the first disbursement of FSA grant funds when the student begins the program or academic year. The student becomes eligible to receive a disbursement of FSA grant funds for the second payment period when the student successfully completes half of the weeks of instructional time **AND** half of the credit hours/clock hours in the academic year or program or the remaining portion of a program that is more than one-half of an academic year but less than a full academic year.

Timing of grant disbursements *within* a payment period

You may time the disbursement of Pell Grant and TEACH Grant funds for a payment period to best meet the needs of students at your school. For instance, some schools credit student accounts for school charges as soon as permissible and then pay the credit balance to students when they begin classes. Other schools wait until the end of the add/drop period to disburse funds or pay students in monthly installments to help meet living expenses throughout the payment period.

Some schools credit a student's account for school charges at the beginning of a payment period but release the proceeds of the Title IV credit balance created by the disbursement incrementally throughout the period. This practice is only permitted if you have written authorization from the student; otherwise, you must release a Title IV credit balance no more than 14 days after it occurs.

Uneven disbursements of FSEOG

A school that is awarding an FSEOG for a full academic year must disburse a portion of the grant during each payment period. In general, to determine the amount of each disbursement, a school will divide this award amount by the number of payment periods the student will attend. However, if the student incurs uneven costs or receives uneven resources during the year and needs extra funds in a particular payment period, the school may disburse the additional FSEOG amounts to the student in whatever manner best meets the student's needs.

FSEOG disbursements

Payment by payment period: [34 CFR 676.16\(a\)](#)

Uneven costs/uneven payments: [34 CFR 676.16\(b\)](#)

Timely Pell Grant and Iraq and Afghanistan Service Grant reporting

Because of Pell Grant and Iraq and Afghanistan Service Grant Lifetime Eligibility Used (LEU) monitoring, it is particularly important to submit Pell Grant and Iraq and Afghanistan Service Grant disbursement information in a timely manner. You must submit Pell Grant and Iraq and Afghanistan Service Grant disbursement information to COD no later than 15 calendar days after making a disbursement or adjustment. To ensure you and other schools have the most accurate information available about students' LEUs, you should submit information to COD as early as possible in the required 15 day time frame. Doing so may help prevent an overaward. Failure to submit the data within the 15 days could result in the Department disallowing the disbursement.

Single-Term FSEOG Awards

A single-term FSEOG award is permissible if a student will only be enrolled for one term or only one term remains in the award year when the award is made. The award would then be disbursed in a single disbursement.

Interim disbursements to students selected for verification

Under certain limited circumstances, you may make interim disbursements to students who have been selected for verification. See the *Application and Verification Guide* for detailed guidance on this topic.

Multiple Direct Loan disbursements within a payment period

A school may schedule multiple Direct Loan disbursements within a payment period as long as the disbursements are substantially equal. Schools that use payment periods as the basis for their Return of Funds calculations should note that making multiple disbursements within a payment period does not create a new or additional payment period. See *Volume 5* of the FSA Handbook for information on how withdrawal calculations handle multiple disbursements.

Timing of correspondence program disbursements for Pell Grants and TEACH Grants

For non-term correspondence programs, you make the first disbursement to a student after the student completes 25% of the coursework scheduled for the program or academic year. You make the second disbursement to a student after the student completes 75% of the coursework scheduled for the program or academic year.

For term-based correspondence programs, you make the first disbursement to a student for each payment period after the student completes 50% of the coursework scheduled for the term.

Pell Grant and TEACH Grant correspondence program disbursements

Pell: [34 CFR 690.66](#)

TEACH: [34 CFR 686.25](#)

When a student fails to begin attendance or attends less than half-time after receiving a Direct Loan disbursement

Although you may be able to make a first disbursement of a Direct Loan before the student begins attending classes (as described earlier in this chapter), in order to remain eligible for a Direct Loan, the student must actually begin attendance, on at least a half-time basis, in the period of enrollment for which the loan was intended (i.e., the loan period).

If the student begins attendance, but on a less than half-time basis, the student is not eligible to receive subsequent Direct Loan disbursements as long as they remain less than half time. If the student doesn't begin attendance in any classes after receiving a Direct Loan disbursement, they lose eligibility for the loan, and you must take additional actions. See *Volume 4* for more detailed information on the treatment of students who fail to begin attendance or who begin attendance on a less than half-time basis after receiving a Direct Loan disbursement.

Retaking Coursework in Term Programs

You may award Title IV funds to a student who is repeating a previously passed course in a term-based program that is not subscription-based, and may count that repeated course toward the student's enrollment status, only for one repetition of the course. That is, a student might repeat a passed course more than once, but they can be paid Title IV funds only for one repetition, and only one repetition of the course may be counted toward the student's enrollment status. This includes situations when the student is retaking a passed class due to failing other associated coursework. Students enrolled in non-term-based programs may not receive credit for retaking coursework.

The regulatory definition of full-time enrollment status allows a student to retake any previously passed course one time only, as noted above. For this purpose, passed means any grade higher than an "F," regardless of any school or program policy requiring a higher qualitative grade or measure to have been considered to have passed the course. This retaken class may be counted toward a student's enrollment status and the student may be awarded Title IV aid for the enrollment status based on inclusion of the class.

A student may be repeatedly paid for repeatedly failing the same course, though normal satisfactory academic progress (SAP) policy still applies to such cases. A student who withdraws before completing a course for which they are being paid Title IV funds for retaking is not considered to have used their one allowed retake for that course. However, if a student passed a class once and then is paid for retaking it and fails the second time, that failure counts as their paid retake and the student may not be paid for retaking the class a third time. If your school has a policy that requires students to retake all of the coursework for a term in which a student fails a course, only the first retake of any previously passed course is eligible for Title IV aid.

If a student who received an incomplete in a course in the prior term is completing the coursework in the subsequent term to erase the incomplete in the prior term, the student is not considered to be enrolled in the course for the subsequent term. Therefore, the hours in the course do not count toward the student's enrollment status for the subsequent term, and the student may not receive FSA funds for completing the course. However, if a student who received an incomplete in a course in the prior term is retaking the entire course for credit in the subsequent term, the hours in the course count toward the student's enrollment status, and the student may receive FSA funds for retaking the course.

In any case, remember that retaken classes may count against SAP, and the student's eligibility is still constrained by all SAP requirements, as discussed in *Chapter 1* of *Volume 1* of the FSA Handbook. Also, the one-year academic limitation on noncredit and reduced credit remedial coursework still applies. So, for example, a student repeating a remedial course that exceeds the one-year limitation could not have the class included in his or her enrollment status.

Retaking coursework and remedial coursework provisions

[34 CFR 668.2\(b\)](#), "Full-time student" definition
[34 CFR 668.20\(d\)](#), (f)

Retaking coursework school policy and operations

Your school may establish a policy that permits or bars students from retaking previously passed coursework, for example, to improve grade point average. Based on such policies, the applicable guidance in the FSA Handbook and regulations can be used to determine how to award Title IV aid.

You may wish to consult with your school’s registrar to ensure that your school’s class repetition policy is properly coordinated and implemented by both offices, including any changes that need to be made to the registrar’s policies and operations for enrolling students or reporting enrollment to the National Student Loan Data System (NSLDS).

Retaking coursework FAQs

<https://www2.ed.gov/policy/highered/reg/hearulemaking/2009/course.html>

Repeating after program completion

Any student who successfully completes an entire non-term credit-hour or clock-hour program, and later re-enrolls to take that same program again or to take another program, may be paid for repeating coursework regardless of the amount of time between successful completion of the first program and beginning the program or another program again.

Clock Hour to Credit Hour Conversion Formula

In determining the eligibility for and amount of Title IV aid for a student in a program subject to the clock-hour to credit-hour conversion, you must first apply the conversion formula to determine the number of semester, trimester, or quarter hours required to be considered a Title IV eligible program. You must also apply the conversion formula to each course in the payment period when determining a student’s Title IV enrollment status. When applying the conversion formula, any eligible converted credit-hours are used to determine the amount of Title IV funds that a student enrolled in the program is eligible to receive.

For a full discussion of credit hour to clock hour conversion, including when the conversion must be done, see *Volume 2, Chapter 2*.

Clock-hour to credit-hour conversion formula

[34 CFR 668.8\(k\)](#) and [\(l\)](#)

Direct Loan Disbursements for Completed Payment Periods

The Direct Loan Program regulations allow a school to include in a single disbursement the disbursements for any payment periods that have ended. However, the COD system (except for schools exempted because of low default rates) requires schools to enter at least two anticipated disbursement dates. Therefore, when creating a loan origination record for a Direct Loan when you intend to include in a disbursement loan proceeds for any payment periods that have been completed, you should enter the actual date you anticipate making the disbursement as the anticipated date for all disbursements that would be included. For example, consider a school attempting to submit an origination when the data is as follows:

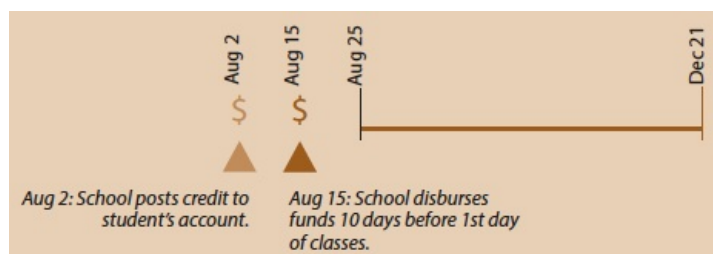
Loan period: 09/01/2022 - 05/30/2023
Minimum number of disbursements normally required: 2
Payment period 1: 09/01/2022 - 12/20/2022
Payment period 2: 01/06/2023 - 05/30/2023
Date school creates origination record: 01/09/2023

If you anticipate disbursing the loan proceeds for both payment periods on January 16, you should enter January 16 as the date for both the first and second disbursements when you create the origination record.

Direct Loan disbursement after one or more payment periods have elapsed

[34 CFR 685.303\(d\)\(4\)\(i\)](#)

Early disbursement and advance credit to account



The earliest a school may disburse funds is 10 calendar days before the first day of class in the semester (August 15 in the example).

If you post a credit to a student's account before the earliest date permitted by regulation (August 2nd vs. August 15 in the example), for FSA purposes, the date the aid is considered to be disbursed is the earliest date permitted by regulation: August 15.

Disbursement rules for terms made up of modules

When a student is enrolled in a term-based program in which the terms are divided into two or more modules, but the student won't attend the first module, the date when classes begin for making disbursements is the starting date of the first module that the student will actually attend.

For example, the earliest the school can pay a student who is scheduled to begin attendance in the second of three 5-week modules that make up a semester is 10 days before the first day of the second module (or 30 days after the second module begins, if the student is a first-time, first-year borrower and the school does not meet the requirements in 34 CFR 685.303(b)(5) for an exemption from the delayed disbursement requirement for such students).

Appendix A: Non-term Examples

Non-term Example 1: Clock-hour program – student must repeat course

A student enrolls in a 1-year clock-hour program with an academic year (AY) of 900 clock hours and 26 weeks of instructional time. The program consists of six successive graded courses, each of which has 150 clock hours. The scheduled payment periods are one-half of the length of the program in clock hours and weeks of instructional time: 450 clock hours and 13 weeks of instructional time.

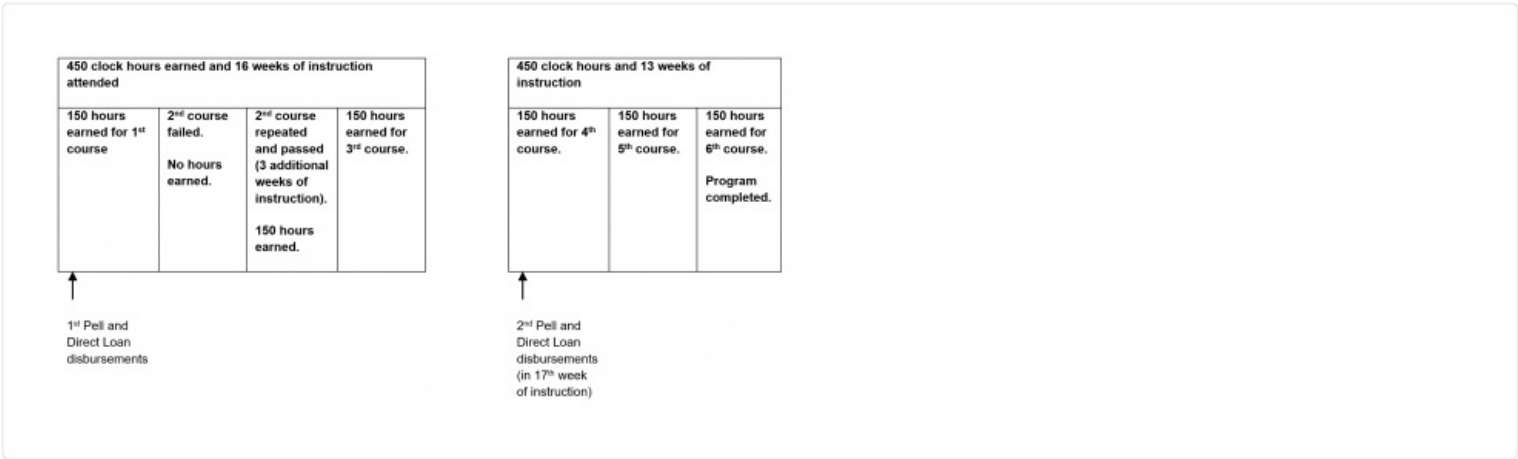
The student in this example fails the second course, but immediately repeats it and passes. The student successfully completes all of the other courses in the program.

The school cannot make the second Pell and Direct Loan disbursements until the student has successfully completed both the clock hours and the weeks of instructional time in the first payment period. Because the student has to repeat the second course of the program (taking an additional three weeks to do so), the school must reschedule the date of the second Pell and Direct Loan disbursements. The second disbursements will now be made after the student has successfully completed 450 clock hours and attended for 16 weeks of instructional time, and the school will need to report the rescheduled second disbursement dates to COD.

Scheduled payment periods

450 clock hours AND 13 weeks of instruction	450 clock hours AND 13 weeks of instruction
---	---

Progression through payment periods for disbursements (student cannot receive next disbursement until successful completion of BOTH hours and weeks in scheduled payment periods)



Non-term Example 2: Non-term credit-hour program -- additional weeks completed in first academic year

A non-term, two-year program of 48 semester hours and 60 weeks of instructional time has an academic year of 24 semester hours and 30 weeks of instructional time. There are four scheduled payment periods, each of which is equal to one-half of the defined academic year: 12 semester hours and 15 weeks of instructional time.

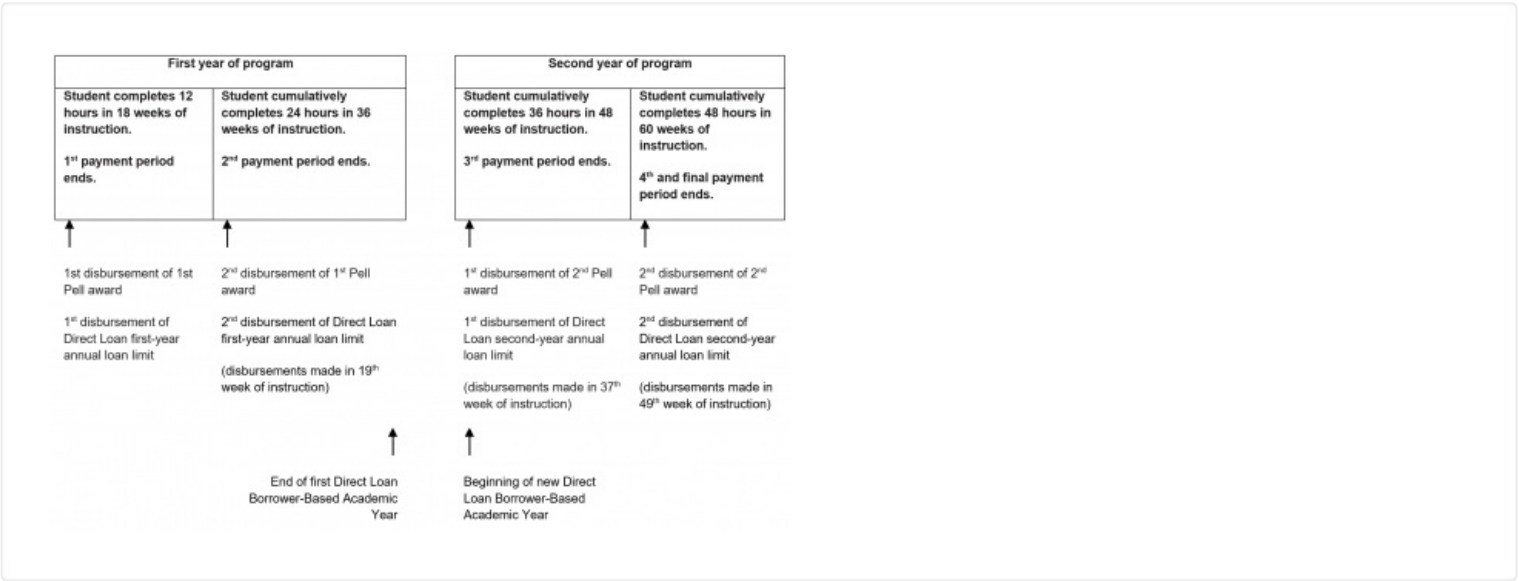
Students in the program are expected to complete the first 24 hours over 36 weeks of instructional time, and the final 24 semester hours in 24 weeks of instructional time. Students complete each of hours 1-12 and 13-24 in 18 weeks of instructional time and each of hours of 25-36 and 37-48 in 12 weeks of instructional time.

Scheduled payment periods

First year of program		Second year of program	
12 semester hours AND 15	12 semester hours AND 15	12 semester hours AND 15	12 semester hours AND 15

weeks of instruction	weeks of instruction	weeks of instruction	weeks of instruction
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Progression through payment periods for disbursements (student cannot receive next disbursement until successful completion of BOTH hours and weeks in scheduled payment periods)



The scheduled payment periods are 12 semester hours and 15 weeks of instructional time, but the student in this example takes 18 weeks to complete the first 12 hours. Therefore, the second disbursements of the first Pell Grant award and the Direct Loan for the first academic year of the program cannot be made until the 19th week of instruction. This is because the next grant or loan disbursement cannot begin until the student successfully completes BOTH the credit or clock-hours and the weeks of instruction in the previous scheduled payment period.

It takes the student another 18 weeks to complete the second 12 hours in the program, meaning that the first disbursements of the second Pell Grant award and the Direct Loan for the second academic year of the program cannot be made until the 37th week of instruction (corresponds to when the student officially enters the 3rd scheduled payment period). Based on the scheduled payment periods a student cannot enter the 4th payment period until the student has completed at least 45 weeks and 36 semester hours (12 semester hours and 15 weeks within each payment period).

After the student has successfully completed 36 weeks of instruction and 24 semester hours, there are 24 weeks and 24 hours remaining in the program. The second disbursements of the second Pell Grant award and the Direct Loan for the second academic year of the program cannot be made until the student officially enters the 4th scheduled payment period, which occurs after the student has cumulatively completed 36 semester hours and 48 weeks.

Remember that the Pell Grant amount the student is eligible to receive in each of the four payment periods is always based on the scheduled payment periods of 12 semester hours and 15 weeks of instructional time.

Although the academic year for the program is defined as 24 semester hours and 30 weeks of instructional time, students are expected to complete the first 24 hours over 36 weeks of instructional time. To ensure that the loan period for the student’s first Direct Loan covers both measures of the defined academic year, the school must originate a loan for a loan period covering 36 weeks of instructional time.

The Direct Loan for the second academic year of the program will be originated for a loan period covering 24 weeks of instructional time. Although this is fewer weeks than the number of weeks in the program’s defined academic year, the number of semester hours remaining in the program (24) equals the number of hours in the academic year. Therefore, proration of the Direct Loan annual loan limit is not required.

Non-term Example 3: Non-term credit-hour program – more hours earned in the first academic year

A school offers a non-term, two-year program of 48 semester hours and 60 weeks of instructional time, with the academic year defined as 24 semester hours and 30 weeks of instructional time. There are four scheduled payment periods, each of

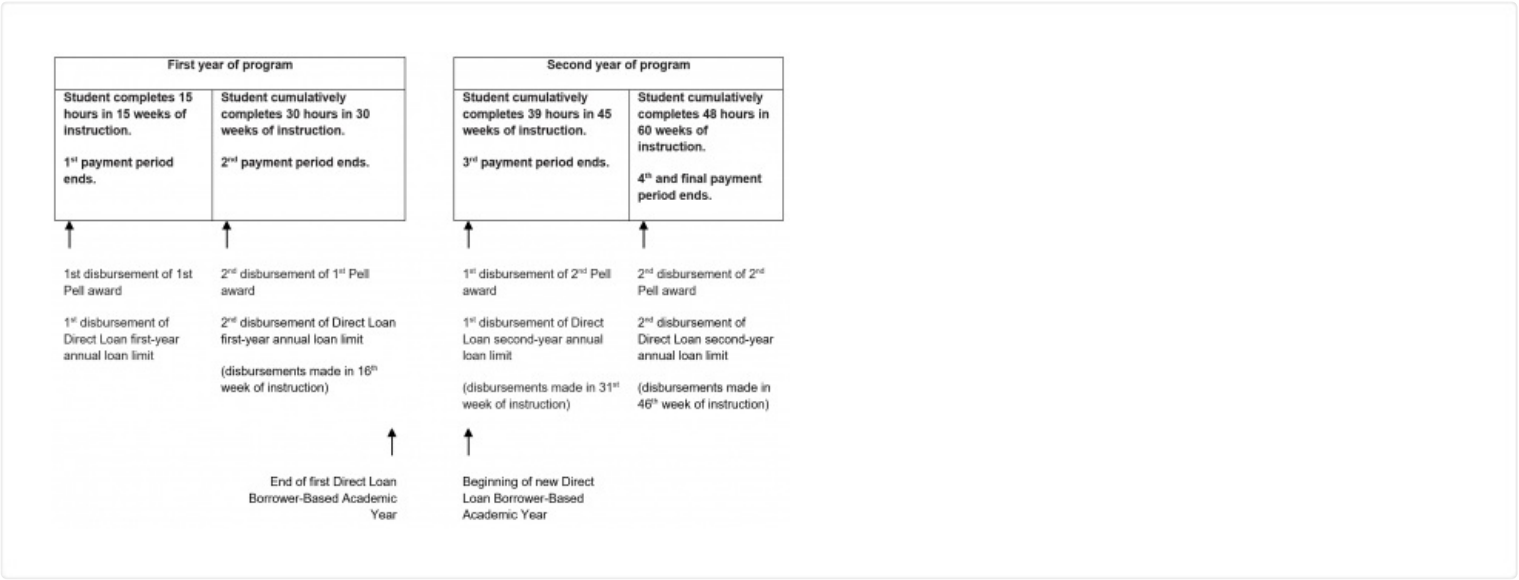
which is equal to one-half of the defined academic year: 12 semester hours and 15 weeks of instructional time.

Students are expected to complete the first 30 semester hours over 30 weeks of instructional time in the first period of enrollment. They are then expected to complete 18 semester hours in the last 30 weeks of instructional time.

Scheduled payment periods

First year of program		Second year of program	
12 semester hours AND 15 weeks of instruction	12 semester hours AND 15 weeks of instruction	12 semester hours AND 15 weeks of instruction	12 semester hours AND 15 weeks of instruction

Progression through payment periods for disbursements (student cannot receive next disbursement until successful completion of BOTH hours and weeks in scheduled payment periods)



The scheduled payment periods are 12 semester hours and 15 weeks of instructional time. The second disbursements of the first Pell Grant award and the Direct Loan for the first academic year of the program are made after the student has successfully completed BOTH the hours and weeks components of the first scheduled payment period. In this example, the student has earned 15 hours after completing the 15-weeks in the first scheduled payment period. The student then earns another 15 hours after completing the 15-weeks in the second scheduled payment period.

After the student has successfully completed 30 weeks of instruction and 30 semester hours, there are 30 weeks and 18 hours remaining in the program. The first disbursements of the second Pell Grant award and the Direct Loan for the second academic year of the program cannot be made until the 31st week of instruction (corresponds to when the student officially enters the 3rd scheduled payment period).

The second disbursements of the second Pell Grant award and the Direct Loan for the second academic year of the program cannot be made until the student officially enters the 4th scheduled payment period, which occurs after the student has cumulatively completed 39 semester hours and 45 weeks. Based on the scheduled payment periods a student cannot enter the 4th payment period until the student has completed at least 45 weeks and 36 semester hours (12 semester hours and 15 weeks within each payment period)

As in Example 2, remember that the Pell Grant amount the student is eligible to receive in each of the four payment periods is always based on the scheduled payment periods of 12 semester hours and 15 weeks of instructional time.

The student's Direct Loan for the first academic year of the program will be originated for a loan period covering 30 weeks of instructional time, since a student will complete the hours in the defined academic year within that period.

The student's Direct Loan for the second academic year of the program will also be originated for a loan period covering 30 weeks of instructional time. However, because the number of semester hours remaining in the program (18) is less than the number of hours in the program's defined academic year (24), the student is in a remaining period of study shorter than an academic year. Therefore, the Direct Loan annual loan limit for the second year of the program (the

maximum Direct Loan amount the student may receive for the 3rd and 4th payment periods) must be prorated.

Appendix B: Coursework Completion Requirements to Receive Disbursements in Subscription-Based Programs

As we explained under "Review of completion" earlier in this chapter, there is no requirement for a student to have completed a specified amount of coursework before receiving a disbursement of Title IV funds for the first two subscription periods (terms) in a subscription-based program. However, in order to receive a disbursement for the third subscription period and for each subsequent subscription period in the program, a student must have completed a cumulative number of credit hours equal to the total number of hours for which the student was enrolled in all previously attended subscription periods in the program, excluding the number of hours for which the student was enrolled in the most recently attended subscription period.

The cumulative number of hours that a student must have completed to receive a disbursement for the third subscription period and for each subsequent subscription period is based on the student's enrollment status for the program. Each subscription period that a student attends is associated with a number of credit hours based on the student's enrollment status. For example, if the program is a full-time program and the school's full-time standard is 12 semester or quarter hours, each subscription period will be associated with 12 hours. As a student progresses through a subscription-based program, the number of hours associated with each term are added to the cumulative total needed for the student to receive a disbursement.

For the first two terms in a subscription-based program, a school can make a disbursement of FSA funds up to 10 days before the beginning of the subscription period. Beginning with the third subscription period, early disbursement 10 days before the beginning of the term is allowed only if at that point the student has completed the required number of credit hours to receive a disbursement for the term. Otherwise, the school cannot make a disbursement until the student has met the coursework completion requirement.

Note that a student who has not begun attendance in any new coursework during a particular subscription period is ineligible to receive Title IV program funds for that period, even if the student would otherwise qualify to receive a disbursement based on coursework completion requirements. This means, for example, that although there is no coursework completion requirement for a student to receive a disbursement for the second term of a subscription-based program, the student would not be eligible for the disbursement if they simply continue attendance in coursework that they began during the first subscription period without having begun attendance in any new coursework during the second subscription period. If a disbursement is made to a student who did not begin attendance in any new coursework during a subscription period, the requirements described under "When a Student Fails to Begin Attendance" in *Volume 4, Chapter 3* of the *FSA Handbook* would apply.

Once the cumulative number of credit hours from earlier subscription periods that is required to receive a disbursement for a later subscription period equals or exceeds the total number of credit hours required to complete the program, a student ***is no longer eligible to receive FSA funds for the program.***

The principles described above are illustrated in the examples that follow.

Example 1: Course Completion Requirement

- A school offers a two-year subscription-based program of consisting of 48 semester hours, with the academic year defined as 24 semester hours and 30 weeks of instructional time.
- The academic year consists of fall and spring semesters, with an optional summer term. In this example, the student does not attend in the summer term.
- The school defines full-time as 12 semester hours per term. The student is enrolled in the full-time version of the program and does not change enrollment status.

First Academic Year

Subscription period 1: Fall	Subscription period 2: Spring
Credit hours associated with term: 12	Credit hours associated with term: 12

Cumulative hours required to receive disbursement: 0	Cumulative hours required to receive disbursement: 0
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As shown above, there is no coursework completion requirement for the student to receive a Title IV disbursement for the first and second subscription periods in the program.

Second Academic Year

Subscription period 3: Fall	Subscription period 4: Spring
Credit hours associated with term: 12	Credit hours associated with term: 12
Cumulative hours required to receive disbursement: 12 (= hrs. enrolled in subscription period 1)	Cumulative hours required to receive disbursement: 24 (= total hrs. enrolled in subscription periods 1 & 2)

To receive a disbursement for subscription period 3, the student must have completed a cumulative number of credit hours equal to the total number of credit hours for which the student was enrolled in all previously attended terms, excluding the number of hours for which the student was enrolled in the most recently attended term. Thus, the student cannot receive a disbursement for subscription period 3 until they have completed a total of 12 credit hours, the number of hours enrolled in subscription period 1. The 12 hours for which the student was enrolled in the most recently attended term (subscription period 2) are not counted.

To receive a disbursement for subscription period 4, the student must have completed 24 credit hours, the cumulative number of hours enrolled in subscription periods 1 and 2.

If the student has not completed the 48 hours in the program by the end of subscription period 4, they could receive FSA funds for one additional term, as shown below.

Third Academic Year

Subscription period 5: Fall	Subscription period 6: Spring
Credit hours associated with term: 12	Cumulative hours required to receive disbursement: 48 (= total hrs. enrolled in subscription periods 1, 2, 3, & 4)
Cumulative hours required to receive disbursement: 36 (= total hrs. enrolled in subscription periods 1, 2, & 3)	NOT ELIGIBLE FOR FSA FUNDS

To receive a disbursement for subscription period 5, the student must have completed 36 credit hours, the cumulative number of hours enrolled in subscription periods 1, 2, and 3.

The student is not eligible to receive any additional FSA funds after subscription period 5, because the cumulative number of hours required to receive a disbursement for the next subscription period would be 48, which is the total number of hours in the program.

Example 2: Course Completion Requirement

The scenario in this example is the same as in Example 1, except that the student changes to the half-time version of the program in the second academic year.

First Academic Year - full-time program

Subscription period 1: Fall	Subscription period 2: Spring
Credit hours associated with term: 12	Credit hours associated with term: 12
Cumulative hours required to receive disbursement: 0	Cumulative hours required to receive disbursement: 0

As in Example 1, there is no coursework completion requirement for the student to receive a Title IV disbursement for the first and second subscription periods in the program.

Second Academic Year - half-time program

Subscription period 3: Fall	Subscription period 4: Spring
Credit hours associated with term: 6	Credit hours associated with term: 6
Cumulative hours required to receive disbursement: 12 (= hrs. enrolled in subscription period 1)	Cumulative hours required to receive disbursement: 24 (= total hrs. enrolled in subscription periods 1 & 2)

The student changes to the half-time version of the program in the second academic year. However, because the course completion requirements to receive a disbursement for a subscription period are cumulative across multiple versions of the same program (full-time, half-time, etc.), the counting of the hours required for disbursement does not start over when a student changes to a different version of a program.

As in Example 1, the student must have completed a cumulative total of 12 credit hours (the number of hours enrolled in subscription period 1) to receive a disbursement for subscription period 3, and a cumulative total of 24 hours (the total number of hours enrolled in subscription periods 1 and 2) to receive a disbursement for subscription period 4. The student's change to the half-time version of the program in the second academic year does not affect the cumulative number of hours required to receive disbursements for subscription periods 3 and 4, because that number is based on the number of hours enrolled in subscription periods 1 and 2, when the student was enrolled in the full-time version of the program.

Third Academic Year - half-time program

Subscription period 5: Fall	Subscription period 6: Spring
Credit hours associated with term: 6	Credit hours associated with term: 6
Cumulative hours required to receive disbursement: 30 (= total hrs. enrolled in subscription periods 1, 2, & 3)	Cumulative hours required to receive disbursement: 36 (= total hrs. enrolled in subscription periods 1, 2, 3, & 4)

To receive a disbursement for subscription period 5, the student must have completed 30 credit hours, the cumulative number of hours enrolled in subscription periods 1, 2, and 3. (Note that as a result of the student's change to the half-time version of the program in subscription period 3, this is 6 fewer hours than the number of hours required to receive a disbursement for subscription period 5 in Example 1.) The student must have completed a cumulative total of 36 hours to receive a disbursement for subscription period 6.

If the student has not completed the 48 hours in the program by the end of subscription period 6, they would be eligible to receive aid for one additional subscription period, as shown below.

Fourth Academic Year - half-time program

Subscription period 7: Fall	Subscription period 8: Spring
Credit hours associated with term: 6	Cumulative hours required to receive disbursement: 48 (= total hrs. enrolled in subscription periods 1, 2, 3, 4, 5, & 6)
Cumulative hours required to receive disbursement: 42 (= total hrs. enrolled in subscription periods 1, 2, 3, 4 & 5)	NOT ELIGIBLE FOR FSA FUNDS

To receive a disbursement for subscription period 7, the student must have completed 42 credit hours, the cumulative number of hours enrolled in subscription periods 1, 2, 3, 4, and 5.

The student is not eligible to receive any additional FSA funds after subscription period 7, because the cumulative number of hours required to receive a disbursement for the next subscription period would be 48, which is the total number of hours in the program.

Example 3: Disbursement Timing

- A school offers a four-year subscription-based program of consisting of 96 semester hours, with the academic year defined as 24 semester hours and 30 weeks of instructional time. The school defines full-time as 12 hours.
- The student receives Pell Grants and Direct Loans.
- Pell Grants are calculated using Formula 1.
- For purposes of monitoring Direct Loan annual loan limit progression, the school uses a Scheduled Academic Year (SAY) consisting of fall and spring semesters, with the summer term treated as a trailer to the SAY (see *Chapter 5* of this volume for more information on SAYs and monitoring Direct Loan annual loan progression). Attendance in the summer term is optional.

First SAY + Summer Trailer

Subscription period	#1: Fall	#2: Spring	Summer
Hours enrolled	12	12	(not enrolled)
Hrs. req. for disb.	0	0	N/A
Cumulative hrs. earned at beginning of term	0	9	N/A
Hrs. earned in term	9	12	N/A
Cumulative hrs. earned at end of term	9	21	N/A
Disbursements	← Pell disb. #1 ← DL disb. #1	← Pell disb. #2 ← DL disb. #2	N/A

For the first two subscription periods of the program, there is no coursework completion requirement for the student to receive a disbursement of FSA funds. Disbursements are made at the beginning of each subscription period.

Second SAY + Summer Trailer

Subscription period	#3: Fall	#4: Spring	#5: Summer
Hours enrolled	12	12	12
Hrs. req. for disb.	12 (= hrs. in #1)	24 (= hrs. in #1 & #2)	36 (= hrs. in #1, #2, & #3)
Cumulative hrs. earned at beginning of term	21	30	42
Hrs. earned in term	9	12	6
Cumulative hrs. earned at end of term	30	42	48
Disbursements	← Pell disb. #3 ← DL disb. #3	← Pell disb. #4 ← DL disb. #4	← Pell disb. #5 ← DL disb. #5

To receive a disbursement for the third subscription period and for each subsequent subscription period in the program, the student must have completed a cumulative number of credit hours equal to the total number of hours for which the student was enrolled in all previously attended subscription periods in the program, excluding the number of hours for which the student was enrolled in the most recently attended subscription period.

As shown above, for each of the three subscription periods in the second academic year of the program the student meets the course completion requirement to receive disbursements at the beginning of the term. For example, the student had completed a total of 21 credit hours by the end of subscription period #2, which exceeds the minimum 12 hours required to receive disbursements for subscription period #3.

Third SAY + Summer Trailer

Subscription period	#6: Fall	#7: Spring	Summer
Hours enrolled	12	12	(not enrolled)
Hrs. req. for disb.	48 (= hrs. in #1, #2, #3, & #4)	60 (= hrs. in #1, #2, #3, #4, & #5)	N/A
Cumulative hrs. earned at beginning of term	48	57	N/A
Hrs. earned in term	9	12	N/A
Cumulative hrs. earned at end of term	57	69	N/A
Disbursements	← Pell disb. #6 ← DL disb. #6	← Pell disb. #7 ← DL disb. #7 (disbursement made after student has completed an additional 3 hrs.)	N/A

In the third academic year of the program, the student meets the course completion requirement to receive disbursements at the beginning of subscription period #6. However, the disbursements for subscription period #7 must be delayed until the student has completed an additional three credit hours. This is because the student must have completed a cumulative total of at least 60 credit hours to receive disbursements for subscription period #7, but at the end of subscription period #6 the student had earned only 57 hours.

Fourth SAY + Summer Trailer

Subscription period	#8: Fall	#9: Spring	Summer
Hours enrolled	12	12	(not enrolled)
Hrs. req. for disb.	72 (= hrs. in #1, #2, #3, #4, #5, & #6)	84 (= hrs. in #1, #2, #3, #4, #5, #6, & #7)	N/A
Cumulative hrs. earned at beginning of term	69	84	N/A
Hrs. earned in term	15	12	N/A
Cumulative hrs. earned at end of term	84	96 (program completed)	N/A
Disbursements	← Pell disb. #8 ← DL disb. #8 (disbursement made after student has completed an additional 3 hrs.)	← Pell disb. #9 ← DL disb. #9	N/A

At the end of subscription period #7, the student has earned a cumulative total of 69 credit hours. Because 72 hours are required for the student to receive a disbursement in subscription period #8, the disbursements for that subscription period must be delayed until the student has complete an additional three hours. The student has earned a cumulative total of 84 hours at the end of subscription period #8, which is the number of hours required to receive a disbursement for subscription period #9. Therefore, the disbursements for the final subscription period in the program can be made at the beginning of the term.

Example 4: Disbursement Timing

- A school offers a two-year subscription-based program of consisting of 48 semester hours, with the academic year defined as 24 semester hours and 30 weeks of instructional time. The school defines full-time as 12 hours.
- The student receives Pell Grants and Direct Loans.
- Pell Grants are calculated using Formula 1.
- For purposes of monitoring Direct Loan annual loan limit progression, the school uses Borrower-Based Academic Year 2 (BBAY 2) consisting of any two consecutive semesters (see *Chapter 5* of this volume for more information on BBAYs and monitoring Direct Loan annual loan progression).
- The school does not meet the cohort default rate standard that allows Direct Loans for a single term loan period to be disbursed in one installment (see the discussion under "Direct Loan disbursements when the loan period is a single payment period" earlier in this chapter).

First BBAY

Subscription period	#1: Spring	#2: Summer
Hours enrolled	12	12
Hrs. req. for disb.	0	0
Cumulative hrs. earned at beginning of term	0	9
Hrs. earned in term	9	9
Cumulative hrs. earned at end of term	9	18
Disbursements	← Pell disb. #1 ← DL disb. #1	← Pell disb. #2 ← DL disb. #2

Second BBAY

Subscription period	#3: Fall	#4: Spring
Hours enrolled	12	12
Hrs. req. for disb.	12 (= hrs. in #1)	24 (= hrs. in #1 & #2)
Cumulative hrs. earned at beginning of term	18	30
Hrs. earned in term	12	12
Cumulative hrs. earned at end of term	30	42 (6 hours remaining in program after subscription period #4)
Disbursements	← Pell disb. #3 ← DL disb. #3	← Pell disb. #4 ← DL disb. #4

Third BBAY

Subscription period	#5: Summer	N/A
Hours enrolled	12 (student attends only 6 hours for Title IV purposes)	N/A
Hrs. req. for disb.	36 (= hrs. in #1, #2, & #3)	N/A
Cumulative hrs. earned at beginning of term	42	N/A
Hrs. earned in term	6	N/A
Cumulative hrs. earned at end of term	48 (program completed)	N/A
Disbursements	← Pell disb. #5 ← DL disb. #5	N/A

In Example 4, the student meets the course completion requirements to receive disbursements at the beginning of each subscription period. For Direct Loan purposes, the school originates a single-term loan for subscription period #5 (i.e., the loan period beginning and ending dates correspond to the beginning and ending dates of the subscription period). Because the school does not meet the cohort default rate standard that would allow for a single-term Direct Loan to be disbursed in one installment, the student's Direct Loans for subscription period #5 must be disbursed in two substantially equal installments, with the second disbursement made at the calendar midpoint of the loan period. (Note also that because this subscription period is a remaining period of study that is shorter than an academic year, the Direct Loan annual loan limit must be prorated based on the six hours remaining in the program at the end of subscription period #4. See *Chapter 5* of this volume for information on Direct Loan annual loan limit proration).

Because the student is enrolled in the full-time version of the program, the number of credit hours associated with subscription period #5 is 12. However, the student attends only six hours (the remaining number of hours in the program for Title IV purposes).

The student's Pell Grant award for subscription period #5 is determined from the half-time schedule, and the student's

enrollment status for that term is reported to the NSLDS as half-time.

Note that even if the student has not completed the remaining six hours in the program by the end of subscription period #5, there is no aid eligibility after that term, because the cumulative number of hours that would be required to receive a disbursement for the next term is 48, which is the total number of hours in the program.

Example 5: Disbursement Timing

The details of the program illustrated in Example 5 are the same as for the program described above in Example 4.

First BBAY		
Subscription period	#1: Spring	#2: Summer
Hours enrolled	12	12
Hrs. req. for disb.	0	0
Cumulative hrs. earned at beginning of term	0	6
Hrs. earned in term	6	9
Cumulative hrs. earned at end of term	6	15
Disbursements	← Pell disb. #1 ← DL disb. #1	← Pell disb. #2 ← DL disb. #2

Second BBAY		
Subscription period	#3: Fall	#4: Spring
Hours enrolled	12	12
Hrs. req. for disb.	12 (= hrs. in #1)	24 (= hrs. in #1 & #2)
Cumulative hrs. earned at beginning of term	15	21
Hrs. earned in term	6	6
Cumulative hrs. earned at end of term	21	27 (21 hours remaining in program at end of subscription period #4)
Disbursements	← Pell disb. #3 ← DL disb. #3	← Pell disb. #4 ← DL disb. #4 (disbursement made after student has completed an additional 3 hrs.)

Third BBAY		
Subscription period	#5: Summer	N/A
Hours enrolled	12	N/A
Hrs. req. for disb.	36 (= hrs. in #1, #2, & #3)	N/A
Cumulative hrs. earned at beginning of term	27	N/A
Hrs. earned in subscription period	6	N/A
Cumulative hrs. earned at end of term	33 (15 hours remaining in program at end of subscription period #5)	N/A
Disbursements	(no disbursement)	← Late Pell disb. #5 ← Late DL disb. #5 (late disbursement made after student has completed an additional 3 hours)

In Example 5, the student meets the coursework completion requirements to receive disbursements at the beginning of the first three subscription periods. However, at the end of subscription period #3 the student has completed a cumulative total of 21 hours, and 24 hours are required to receive a disbursement for subscription period #4. The school

makes the disbursements for subscription period #4 after the student has completed an additional three hours.

As in Example 4, the school originates a single-term loan for subscription period #5, which is a remaining period of study that is shorter than an academic year. The Direct Loan annual loan limit must be prorated based on the 21 hours remaining in the program as of the end of subscription period #4.

The student must have completed a cumulative total of 36 hours to receive a disbursement for subscription period #5. During subscription period #5 the student completes only an additional six hours, resulting in a cumulative total of 33 hours completed. Therefore, the school makes the disbursements for subscription period #5 as late disbursements after the student has completed an additional three hours. Because the loan period is equal to a single payment period and more than half of the payment period has elapsed, the school may disburse the student's Direct Loan for subscription period #5 in a single late disbursement.

After the student has earned the additional three hours required to receive late disbursements for subscription period #5 (resulting in a cumulative total of 36 hours completed), there are 12 hours remaining in the program. Note that there is no aid eligibility for the remaining 12 hours, because the cumulative number of hours that would be required to receive a disbursement for the next term is 48, which is the total number of hours in the program.