



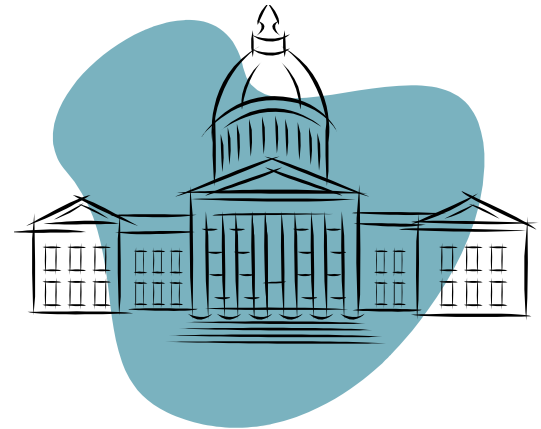
What FAAs Need to Know About 150% Direct Subsidized Loan Limits

Kevin Campbell, Training Officer
United States Department of Education

Agenda

- Background and Scope
- Formula, Components, and Calculations
- Loss of Subsidy
- Reporting Requirements
- References and Resources

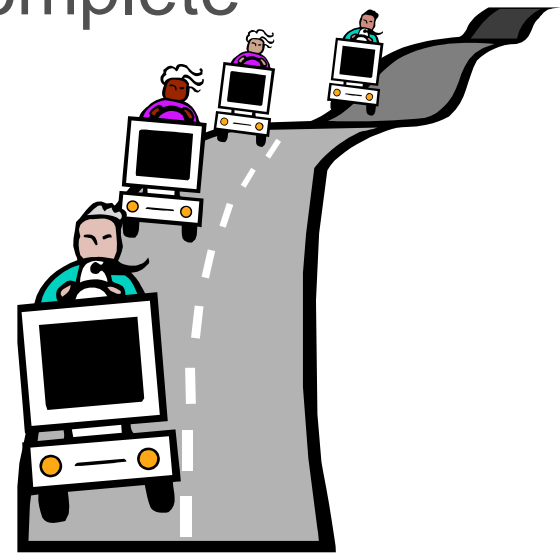
Background and Scope



Background

Public Law 112-141 established a limit to how many years a student may receive subsidized loans

- Results in additional incentive to complete programs in a timely manner
- Estimated net budget impact of \$3.9 billion in savings over 10 years (FY 2013-2023)



Scope

Applies only to first-time borrowers as of July 1, 2013

- Student who has no outstanding balance on a FFEL or Direct Loan when receiving a Direct Loan on/after 07/01/13

Example A



Example B



Overview

Borrower loses eligibility for additional Direct Subsidized Loans when borrower has received Direct Subsidized Loans for 150% of their current academic program

Generally measured in time,
not dollars

If eligibility is lost, borrower still eligible for Direct Unsubsidized Loans

Formula, Components, and Calculations

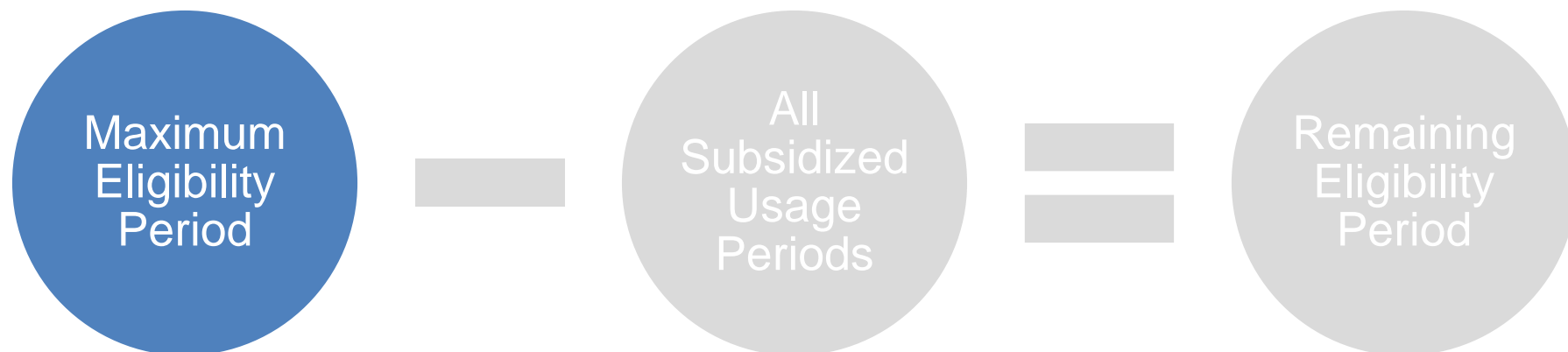


Determining When Eligibility is Lost



150% limit is met and further eligibility is lost when Remaining Eligibility Period is zero (or less)

Maximum Eligibility Period



150% limit is met (eligibility is lost) when remaining eligibility period is zero (or less)

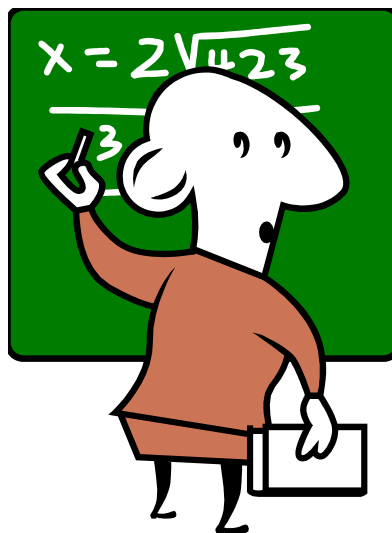
Maximum Eligibility Period

Maximum eligibility period is 150% of published length of borrower's current or upcoming academic program

- Varies by program
- Multiply published length of program by 1.5
- Measured in academic years or portions thereof
- ED will calculate using school-reported information

Maximum Eligibility Period

Program Length	Maximum Eligibility Period
4 years	6 years
2 years	3 years
1 year	1.5 years
12 weeks	18 weeks



Converting Months/Weeks to Years

- If program's published length is in months or weeks, ED will convert to years (or portions of years)

$$\frac{\text{Days in Program}}{\text{Days in Title IV Academic Year}^*} = \text{Program Length}$$

- Month = 30 days
- Week = 7 days
- * AY Defined for Title IV purposes

Maximum Eligibility Period

Exceptions

The final regulations allow for 2 specific exceptions when determining Maximum Eligibility Period:

- Special admission Associate programs
- Bachelor's degree-completion programs

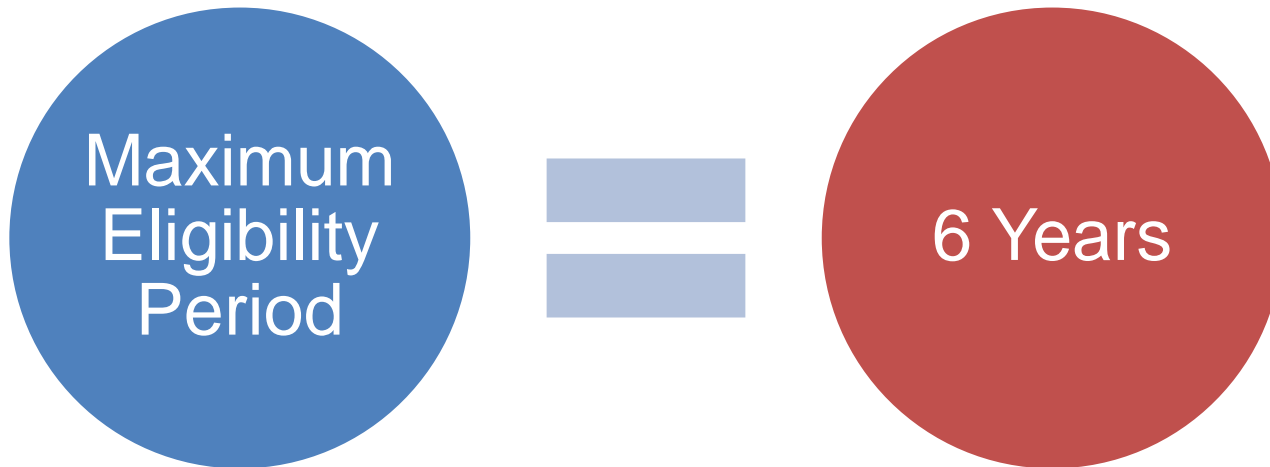
These changes came as a result of public comments on the interim final regulations

Exception A - Special Admission Associate Programs

For Associate programs that meet all 3 criteria:

1. Only admit students who have completed a prior Associate degree or 2 years of prior coursework
2. Undergo competitive admissions for limited seats (no open enrollment), **and**
3. Prepare students for an occupation requiring state licensure
 - For example: Nursing

Exception A - Special Admission Associate Programs



- School must report program length in COD as 4 years **and** set Special Program Indicator flag to “A”

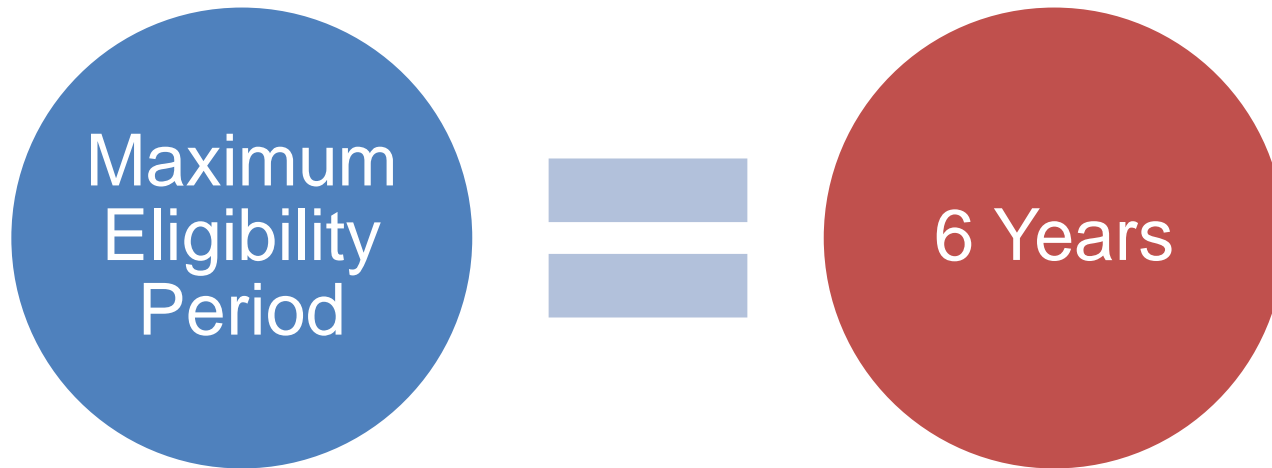
Exception B - Bachelor's Completion Programs

These are 2-year Bachelor's degree completion programs that require for admission either:

- Completion of a prior Associate degree, **or**
- Successful completion of at least two years of postsecondary coursework



Exception B - Bachelor's Completion Programs



- Schools must report program length in COD as 4 years **and** set Special Program Indicator flag to “B”

Subsidized Usage Period



150% limit is met (eligibility is lost) when remaining eligibility period is zero (or less)

Subsidized Usage Period

A Subsidized Usage Period is the period of time for which a borrower receives a Direct Subsidized Loan

- Calculated loan-by-loan
- Measured in academic years or portions
- Rounded to the nearest 10% of a year
- Includes only periods when Direct Subsidized Loan received
- ED will calculate using school-reported information from COD

Loan Period & Academic Year

The loan period and academic year determine the Subsidized Usage Period

- Covered in DCL GEN-13-13, applies to all Direct Loans



Loan Period

Loan Period

- Period of enrollment for which borrower received loan
- Must be updated if student's actual enrollment or eligibility doesn't match originally reported loan period



Academic Year

Academic year

- Period to which the annual loan limit applies

Credit Hour Programs with Standard Terms or Non-Standard SE9W Terms

Academic Year corresponds to calendar period of the terms in the SAY or BBAY

Clock Hour Programs, Non-Standard NSE9W Term Credit Hour Programs, and Non-term Credit Hour Programs

Academic Year corresponds to period of time required for borrower to complete a Title IV academic year's worth of coursework (BBAY)

Example 1: Determining Loan Period & Academic Year

- Program: 2 years, credit hours, standard terms
- Academic year: 30 weeks, 24 semester hours, (Fall 2014 and Spring 2015)
- Borrower enrollment: Spring semester 2015
- Loan period: Spring semester 2015
- Academic year: Begins on first day of the fall 2014 semester. Ends on last day of the spring 2015 semester.

An academic year that corresponds to a single term is never correct!

Example 2: Determining Loan Period & Academic Year

- Program: 18 weeks, 540 clock hours (non-term),
~30 scheduled clock hours/week
- Academic year: 26 weeks, 900 clock hours, BBAY
- Borrower enrollment: Full program—borrower progresses through payment periods on schedule

Example 2: Determining Loan Period & Academic Year

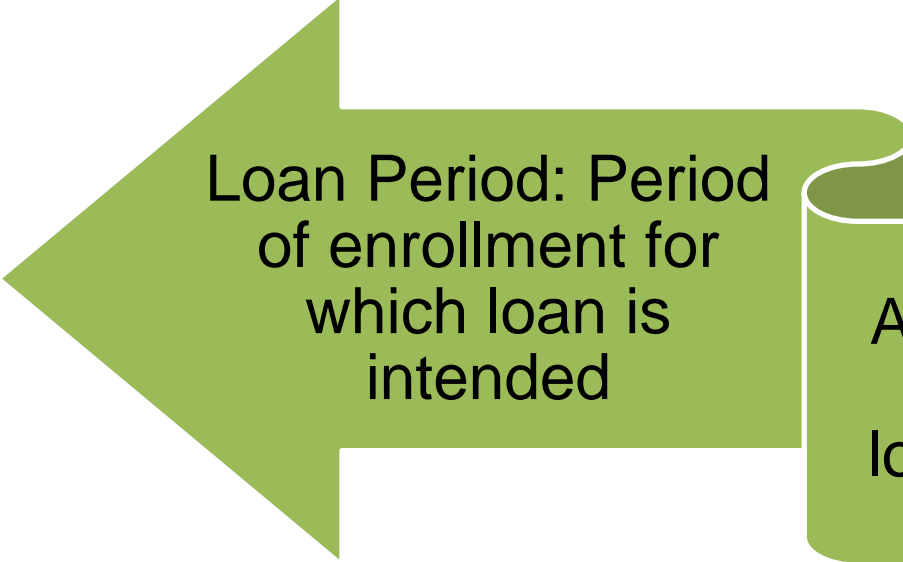
Loan period: Beginning and ending of 18 week program

Academic year: Beginning of enrollment in program through end of the *later* of borrower's projected completion of 26 weeks of instruction or 900 clock hours

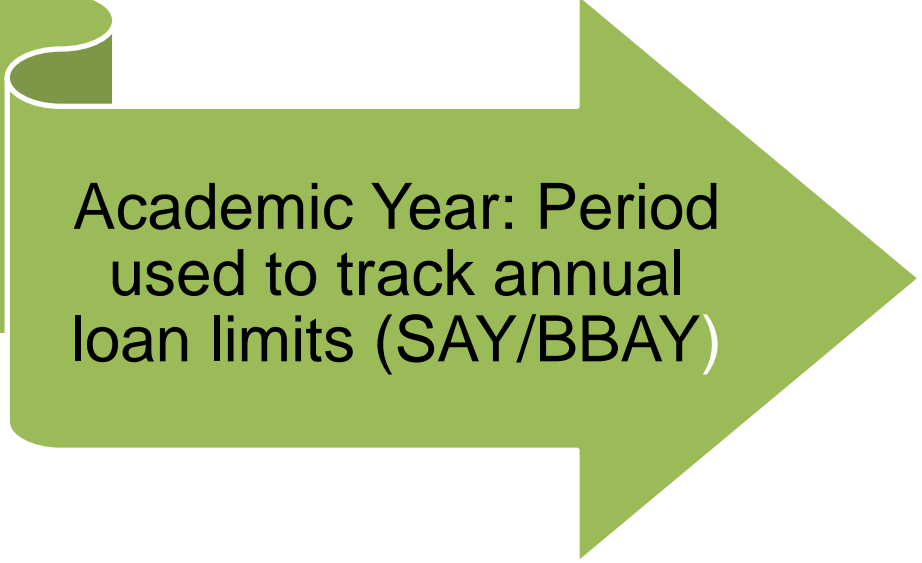
$$\frac{900 \text{ clock hours}}{30 \text{ hours per week}} = \mathbf{30 \text{ weeks}}$$
 to complete academic year

Calculating Subsidized Usage Period

$$\textit{Subsidized Usage Period} = \frac{\textit{Days in Loan Period}}{\textit{Days in Academic Year}}$$



Loan Period: Period of enrollment for which loan is intended



Academic Year: Period used to track annual loan limits (SAY/BBAY)

Example 3: Usage

Program is semester-based. Scheduled academic year includes the fall and spring semesters. Student receives subsidized loan for fall semester only.

$$\text{Subsidized Usage Period} = \frac{\text{Days in Loan Period}}{\text{Days in Academic Year}}$$

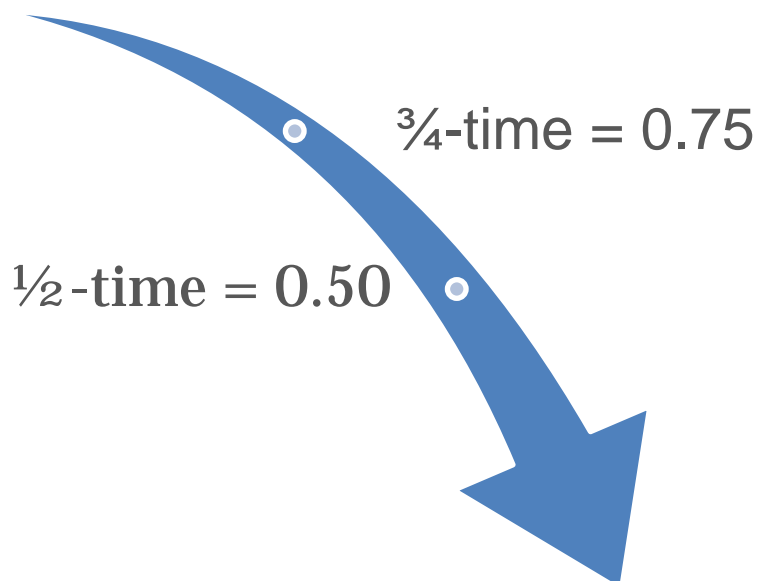
	Begin Date	End Date	Number of Days
Loan Period	August 25, 2014	December 19, 2014	117
Academic Year	August 25, 2013	May 15, 2015	264

$$\text{Subsidized Usage Period} = \frac{117}{264} = 0.44 \text{ Years} \xrightarrow{\text{Round}} 0.40 \text{ Years}$$

Exception - Enrollment Status

- Calculated subsidized usage period is prorated by enrollment status
- Proration occurs before rounding
- Clock hour programs do not prorate for enrollment status

Full-time =
1.00



Prorate Subsidized
Usage Period based
on enrollment status

Example 4: Enrollment Status

Program is semester-based. Scheduled academic year includes the fall and spring semesters. Student receives loan for both semesters while enrolled half-time for both semesters.

$$\text{Subsidized Usage Period} = \frac{\text{Days in Loan Period}}{\text{Days in Academic Year}}$$

	Begin Date	End Date	Number of Days
Loan Period	August 25, 2014	May 15, 2015	264
Academic Year	August 25, 2014	May 15, 2015	264

$$\text{Subsidized Usage Period} = \frac{264}{264} = 1.00 \text{ Year} \xrightarrow{\text{Prorate}} 0.50 \text{ Years}$$

Exception – Full Annual Loan Limit

When a student receives Direct Subsidized Loan for entire annual loan limit, this would be the only situation in which dollars are considered in determining subsidized usage:



Can only occur for standard-term programs or for non-standard-term programs that are substantially equal and are each at least nine weeks in length

Example 5: Annual Loan Limit

- Program is semester-based
- Scheduled academic year includes fall & spring semesters
- Third year student receives loan of \$5,500 for fall semester only

$$\text{Subsidized Usage Period} = \frac{\text{Days in Loan Period}}{\text{Days in Academic Year}}$$

	Begin Date	End Date	Number of Days
Loan Period	August 25, 2014	December 19, 2014	117
Academic Year	August 25, 2014	May 15, 2015	264

$$\text{Subsidized Usage Period} = \frac{117}{264} = 0.44 \text{ Years} \xrightarrow{\text{Annual Loan Limit}} 1.00 \text{ Year}$$

Updating Loan Periods

Because the loan period is a key element in determining Subsidized Usage Period, it is critical that it is correct. The initially reported loan period needs to be updated when:

- Student does not enroll for a payment period covered by the originally reported loan period
- Student withdraws from a payment period and *all* loan funds associated with the payment period are returned (R2T4)

Updating Loan Periods - Continued

- Student cancels all of a disbursement of a subsidized loan that is attributable to a payment period
- Student is otherwise not eligible for a subsidized loan for a payment period covered by the loan period
- The student (in clock-hour programs, non-term programs, and non-standard term NSE9W programs) is not progressing to the next payment period as scheduled

This is a non-exhaustive list

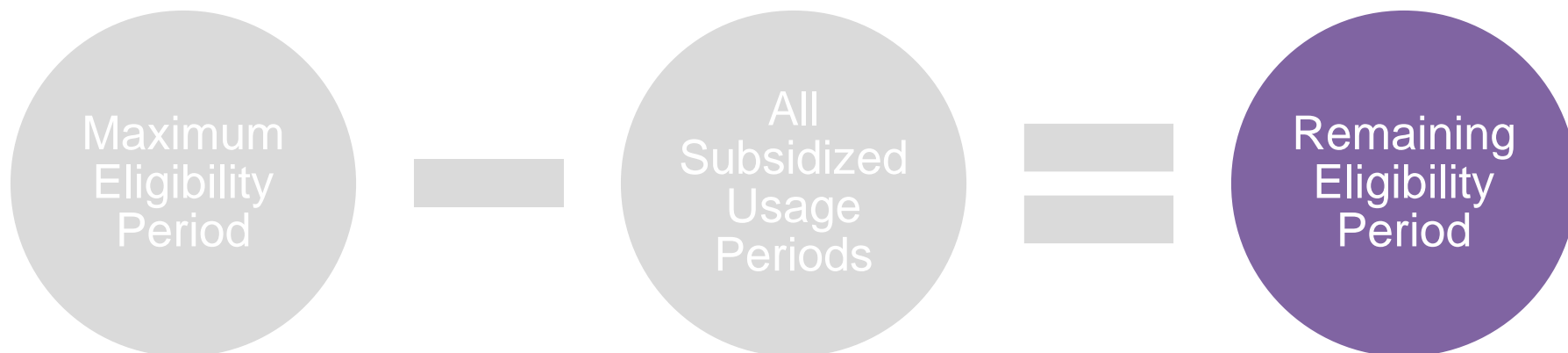
Updating Academic Years

Academic years are also a key factor in determining subsidized usage, and need to be updated when:

- Student is attending a program for which summer is not a “required” term, attends summer, and receives a loan for summer
- The student (in clock-hour programs, non-term programs, and non-standard term NSE9W programs) is not progressing to the next payment period as scheduled

Review DCL GEN-13-13 for further detailed examples

Determining When Limit Is Met



150% limit is met & further eligibility is lost when Remaining Eligibility Period is zero (or less)

Remaining Eligibility Period

How much eligibility a borrower has left under the 150% subsidy limit

- Accounts for Direct Subsidized Loans received for all enrollment in all programs (except teacher certification programs)
- Subsidized eligibility lost when remaining eligibility is zero or less
- ED will calculate using school-reported information

Example 6: Remaining Eligibility

- Student receives 5 full years of Direct Subsidized Loans while enrolled in a 4-year BA program



Maximum Eligibility Period	6 Years
All Subsidized Usage Periods	5 Years
Remaining Eligibility Period	1 Year

Example 7: Remaining Eligibility

- Student receives 3 years of Direct Subsidized Loans while enrolled in 2-year program
- Student then transfers to 4-year program



	After year 3 of 2-year program	Upon transfer to 4-year program
Maximum Eligibility Period	3 Years	6 Years
All Subsidized Usage Periods	3 Years	3 Years
Remaining Eligibility Period	0 Years	3 Years

Example 8: Remaining Eligibility

- Student receives 1 year of Direct Subsidized Loans while enrolled in a 2-year program
- Student transfers to a 1-year clock-hour program



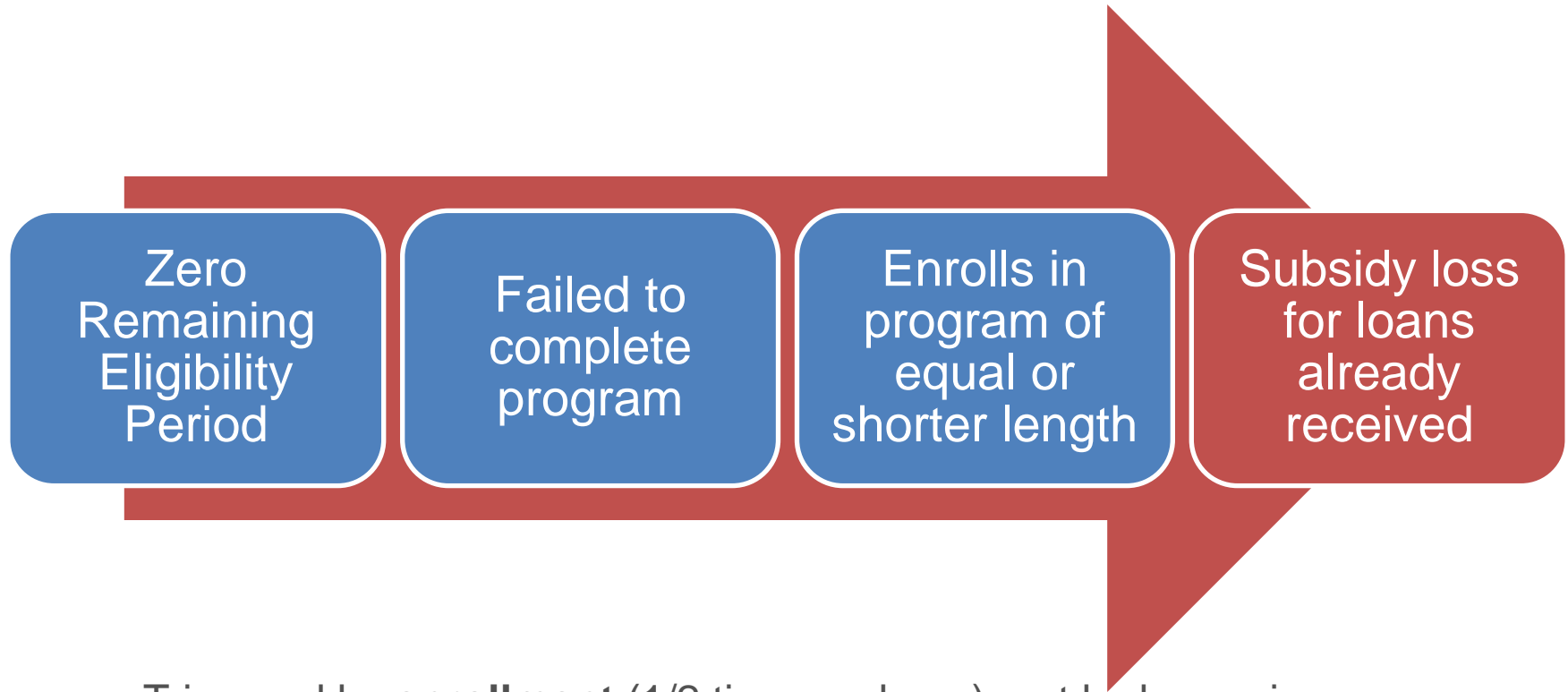
	After year 1 of 2-year program	Upon transfer to 1-year cert. program
Maximum Eligibility Period	3 Years	1.5 Years
All Subsidized Usage Periods	1 Year	1 Year
Remaining Eligibility Period	2 Years	0.5 Years

Minimum loan period length in a clock-hour program is lesser of length of program or academic year. School cannot disburse a Direct Subsidized Loan to this student.

Loss of Interest Subsidy

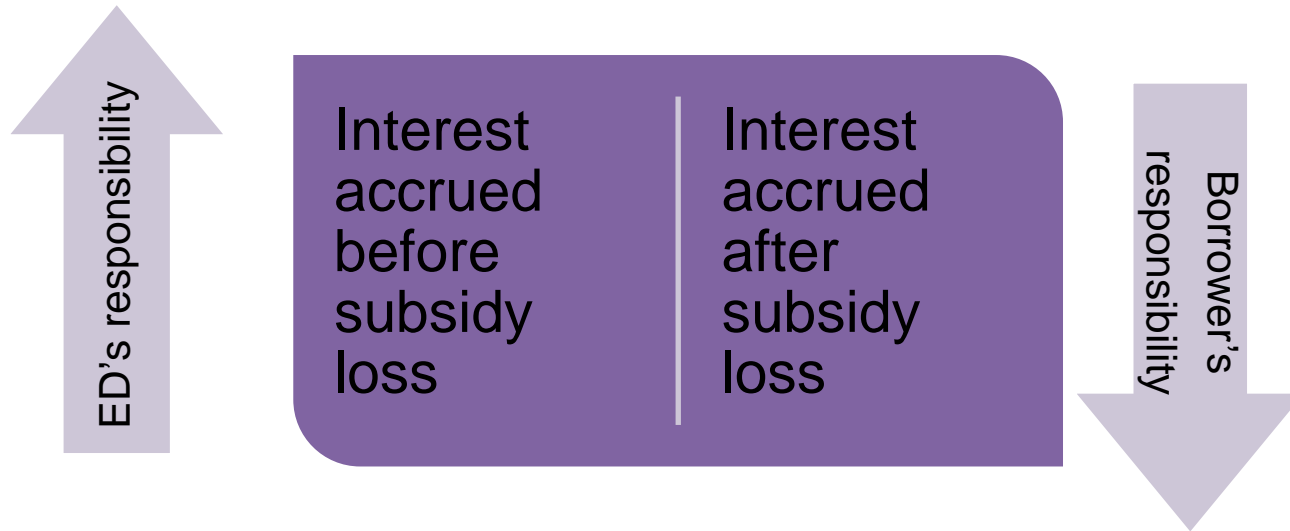


Loss of Interest Subsidy



- Triggered by **enrollment** (1/2 time or above), not by borrowing or requesting aid
- Loans remain Direct Subsidized loans, but without further interest benefits
- Subsidy loss is permanent; subsidy cannot be later reinstated

Which Interest Is the Borrower's?



Subsidy loss is not retroactive to the date of disbursement or from the date of the loss of eligibility.

Loss of subsidy begins the date of the enrollment that caused the loss of subsidy.

Enrollment Types - Subsidy Loss

1

Student lost
sub eligibility

Enrolled at least
 $\frac{1}{2}$ time in same
undergraduate
program

2

Student lost
sub eligibility

Enrolled at least
 $\frac{1}{2}$ time in an
undergraduate
program of equal
or lesser length

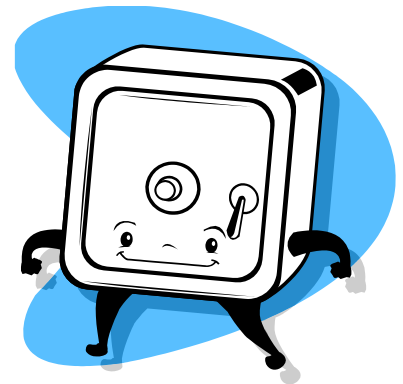
3

Student had
remaining sub
eligibility

Student enrolled at
least $\frac{1}{2}$ time in
shorter
undergraduate
program where
usage \geq maximum

Enrollment Types - No Subsidy Loss

- Enrollment in a graduate or professional program
- Enrollment in preparatory coursework necessary for enrollment in a graduate or professional program
- Enrollment in a teacher certification program where school does not award an academic credential
- Enrollment less than $\frac{1}{2}$ time



Example 9: Subsidy Loss

- Student received 6 years of Subsidized Loans while enrolled in 4-year program
- Student does not complete and enrolls year 7



Maximum Eligibility Period	6 Years
All Subsidized Usage Periods	6 Years
Remaining Eligibility Period	0 Years
Subsidy Loss	Yes, enrolled with no remaining eligibility and without completing

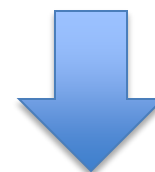
Example 10: Subsidy Loss

- Student received 5 full years of Direct Subsidized Loans while in 4-year program

	End of year 5
Maximum Eligibility Period	6 Years
All Subsidized Usage Periods	5 Years
Remaining Eligibility Period	1 Year
Subsidy Loss	No, borrower has remaining eligibility

Example 10 (Continued)

- Student does not complete, then transfers into a 2-year program



	End of year 5	Upon transfer
Maximum Eligibility Period	6 Years	3 Years
All Subsidized Usage Periods	5 Years	5 Years
Remaining Eligibility Period	1 Year	-2 Years
Subsidy Loss	No, borrower has remaining eligibility	Yes, transfer caused borrower to exceed max

- Student loses interest subsidy for the loans previously received

Example 11: Subsidy Lost then Eligibility Regained

- Student is enrolled in 2-year program & received 3 years of Subsidized Loans, then enrolls for one more semester

	Start of Year 4
Maximum Eligibility Period	3 Years
All Subsidized Usage Periods	3 Years
Remaining Eligibility Period	0 Years
Subsidy Loss	Yes, borrower enrolled after eligibility loss

Example 11 (Continued)

- Same student then transfers to 4-year program



	Before transfer	Upon transfer
Maximum Eligibility Period	3 Years	6 Years
All Subsidized Usage Periods	3 Years	3 Years
Remaining Eligibility Period	0 Years	3 Years
Subsidy Loss	Yes, borrower enrolled after eligibility loss	No, borrower enrolled in a longer program

- *Student regains eligibility for Subsidized Loans upon transfer.*
- *Any new Subsidized Loans will have interest subsidy*
- *Prior Subsidized Loans that lost subsidy do not regain subsidy*

Example 12: No Subsidy Loss

- Student received 5 years of Subsidized Loans while enrolled in 4-year program

	End of year 5
Maximum Eligibility Period	6 Years
All Subsidized Usage Periods	5 Years
Remaining Eligibility Period	1 Year
Subsidy Loss	No, borrower has remaining eligibility.

Example 12 (Continued)

- Student completes program and then enrolls in 2-year program



	End of year 5	Upon transfer
Maximum Eligibility Period	6 Years	3 Years
All Subsidized Usage Periods	5 Years	5 Years
Remaining Eligibility Period	1 Year	-2 Years
Subsidy Loss	No, borrower has remaining eligibility.	No, borrower graduated from prior program.

- *Student does not lose subsidy on previous loans, but has no Remaining Eligibility Period in new program and cannot receive new sub loans.*

Additional Considerations



Preparatory Coursework

For Enrollment in an Undergraduate Program

Maximum Eligibility Period is 150% of program for which coursework is preparing

Subsidized Usage Periods count against maximum eligibility

Enrolling could result in loss of interest subsidy

Set COD Special Programs flag to “U”

For Enrollment in a Grad/Professional Program

Maximum Eligibility Period is 150% of program for which borrower most recently received Direct Subsidized Loan

Subsidized Usage Periods count against maximum eligibility

NOT possible to lose interest subsidy by enrolling

Set COD Special Programs flag to “P”

Teacher Certification Programs

Programs that do not lead to a degree/certificate from the school, but lead to state credential that is required for teaching

Non-teacher certification programs:

Subsidized Usage Periods do not count against maximum eligibility period for teacher certification programs

Teacher certification programs:

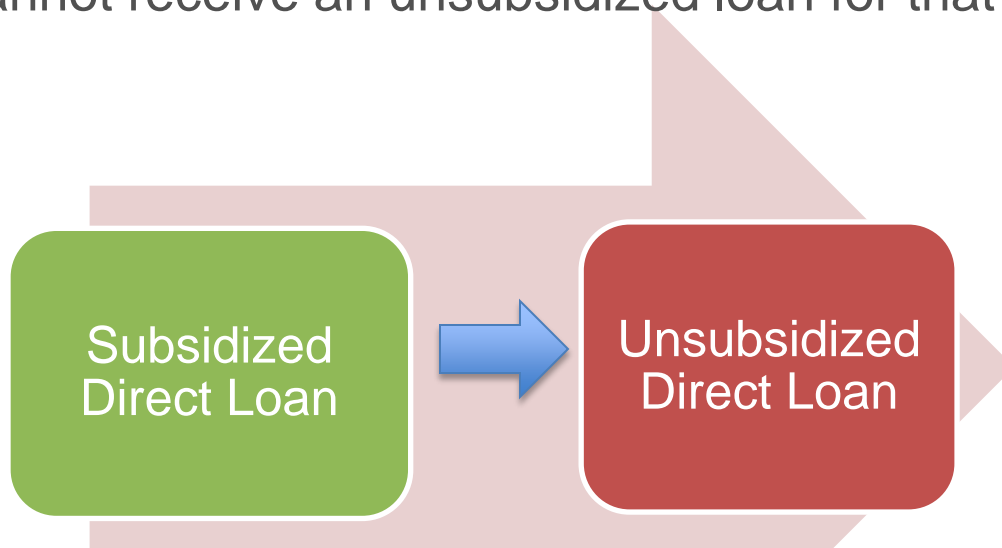
Subsidized Usage Periods do not count against maximum eligibility period for other programs

Teacher Certification Programs

- Borrower cannot lose interest subsidy by enrolling
- Loans received for other undergraduate enrollment do not lose subsidy upon enrollment in teacher certification program
- Loans received for teacher certification program can never lose subsidy, even upon enrollment in regular undergraduate program

Unsubsidized Direct Loans

- A student may only be awarded an unsubsidized loan (base or additional) for a loan period if the student has been awarded the full amount of their eligibility for a subsidized loan
- If the student is not awarded their full subsidized loan eligibility, they cannot receive an unsubsidized loan for that loan period



What If...?

When a student withdraws, can a school voluntarily return all subsidized loan funds for a payment period in order to preserve the student's subsidized eligibility?

Yes, but:

1. Must be done within 120 days of the date of disbursement,
2. Must have borrower's written consent,
3. Cannot require borrower to repay any school charges that were paid but as a result of the return are unpaid, **and**
4. Cannot assess the borrower a fee

What If...?

If a student, for whatever reason, asks the school to return all of their subsidized loan funds for a payment period; would that impact the student's Subsidized Usage Period calculation?

Result would depend upon the timing of the return:

Within 120 days from date of disbursement

- Would impact Subsidized Usage calculation

After 120 days from date of disbursement

- Considered a pre-payment to the loan servicer
- Would NOT impact Subsidized Usage Calculation

Loan Counseling

- Entrance and exit counseling regulations have been updated to include requirements related to the 150% Direct Subsidized Loan limit
- All counseling on StudentLoans.gov has been updated to include required information
- Schools providing counseling by other means must ensure that all Direct Loan counseling materials contain the required information



Reporting Requirements



COD Reporting Requirements

Prior Years

- Loan Period Dates
- Academic Year Dates

New for 2014-2015

- CIP
- Credential Level
- Program Length
- Length of Title IV Academic Year
- Flags for Prep Coursework
- Flag for Teacher Certification
- Enrollment Status (full, $\frac{3}{4}$, $\frac{1}{2}$)
- Payment Period Begin Date

New COD Reject

The borrower was first-time borrower on or after July 1, 2013



School submits origination record to COD



Subsidized Usage Period Exceeds Remaining Eligibility Period



COD will reject the loan



Other Changes to COD

Each time school submits an origination or disbursement record COD will:

- Calculate Subsidized Usage Periods, including new loan
- Inform school of borrower's Maximum Eligibility, Subsidized Usage, and Remaining Eligibility periods

COD will also inform borrower in disclosure statement

NSLDS Reporting Requirements

Prior Years

- Enrollment Status – $\frac{1}{2}$ and FT

New for 2014-15

- CIP
- Credential Level
- Program Length
- Length of Title IV Academic Year
- Flags for Prep Coursework
- Flag for Teacher Certification
- Enrollment Status - FT, $\frac{3}{4}$, $\frac{1}{2}$

Active Enrollment Status

When reporting enrollment status to NSLDS, schools must report the student's "active enrollment status" (FT, $\frac{3}{4}$, $\frac{1}{2}$, $<\frac{1}{2}$) based on the total number of credit or clock hours the student is enrolled at the *institution*, whether or not any specific credit applies to the academic program(s) being reported.

This represents a change from guidance previously issued in the 150% subsidy limit webinar series

Who is on the Enrollment Roster?

NSLDS will include:

Students who receive Title IV at your school

School adds:

Students with Title IV from another school who receive aid at your school

Student with Title IV from another school who will not receive aid at your school

How Often Do I Report to NSLDS?

School determines how often NSLDS sends rosters

- Can be no less frequent than every 60 days

School must respond to the roster within 15 days of receipt

Other Changes to NSLDS

- Modify professional access and student view to display 150%-related information
- Modify reports available to schools to include 150%-related information

Other Changes to NSLDS

- Pass information to CPS about student's current Subsidized Usage Period and whether the student has lost interest subsidy, for inclusion on the SAR/ISIR
 - Several new SAR/ISIR comments inform students and schools about approaching subsidized usage limits
- Inform Direct Loan servicers of borrowers' enrollment and loss of interest subsidy

150% DL Sub Limit Resources

150% Direct Subsidized Loan Limit Website

- IFAP.ed.gov (right-hand side)
- <http://ifap.ed.gov/150PercentDirectSubsidizedLoanLimitInfo/index.html>
 - Federal Registers
 - DCLs and EAs
 - Q & As
 - Training materials
 - Additional resources and references



Enrollment Reporting Guide

- July 2014
- NSLDS Reference Materials on IFAP

Questions?



E-mail: 150Percent-Questions@ed.gov

- Subject: Include organizational affiliation

Training Feedback

To ensure quality training we ask all participants to please fill out an online session evaluation

<https://s.zoomerang.com/s/KevinCampbell-TX>

- Feedback is a tool to help us improve our training and to listen to our customers

Please provide any comments regarding this training or the trainer to:

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Thank You, AASF^{AA}!

