




FFELP: Beyond the Basics


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Today's Agenda


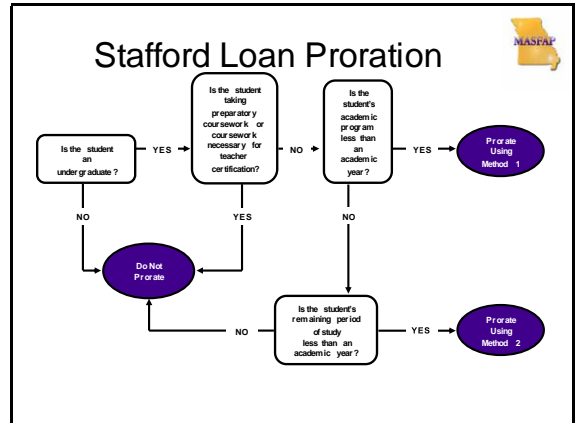
- Proration.
- Frequency of Annual Loan Limits.



Stafford Loan Proration



- Undergraduate students:
 - Program is less than an academic year.
 - Remaining program of study is less than an academic year.
- Graduate/Professional students:
 - Not required.

Stafford Loan Proration

Method 1 – Programs < Full AY


Step 1: Calculate A and B, and determine the lesser:

$$A = \frac{\text{Semester, trimester, quarter or clock hours enrolled in program}}{\text{Semester, trimester, quarter or clock hours in AY}}$$

$$B = \frac{\text{Weeks in the student's program}}{\text{Weeks in the academic year}}$$

Step 2: Multiply the applicable annual loan limit(s) by the lesser of A or B to determine the prorated loan limit:

Annual Stafford Eligibility (subsidized and unsubsidized)	x	Lesser of A or B	=	Annual Stafford Prorated Loan Limit
Additional Unsubsidized (independent student or PLUS-loan denial)	x	Lesser of A or B	=	Additional Unsubsidized Stafford Prorated Loan Limit



Stafford Loan Proration


Method 2 – Remaining Periods of Study < Full AY

Step 2: Multiply the applicable annual loan limit(s) by 'A' to determine the prorated loan limit:

Annual Loan Limit for Loan Type	x	A	=	Prorated Loan Limit for Loan Type
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Step 1: Calculate A

$$A = \frac{\text{Semester, trimester, quarter or clock hours enrolled in program}}{\text{Semester, trimester, quarter or clock hours in AY}}$$



Stafford Loan Proration Method Table by Grade Level



Grade Level and Loan Type	Programs of Study Less Than a Full AY	Remaining Periods of Study Less Than a Full AY
First-Year Undergraduate		
Annual Eligibility <small>(Unsubsidized Stafford)</small>	Proration Method 1	Proration Method 2
Additional Unsubsidized-Stafford Eligibility <small>(Independent student or F1 US loan detail)</small>	Proration Method 1	Proration Method 2
Second-Year Undergraduate		
Annual Eligibility <small>(Unsubsidized Stafford)</small>		Proration Method 2
Additional Unsubsidized-Stafford Eligibility <small>(Independent student or F1 US loan detail)</small>		Proration Method 2
Third, Fourth & Fifth-Year Undergraduate		
Annual Eligibility <small>(Unsubsidized Stafford)</small>		Proration Method 2
Additional Unsubsidized-Stafford Eligibility <small>(Independent student or F1 US loan detail)</small>		Proration Method 2



Example Chelsea



- Independent.
- Fourth-year student.
- Needs 8 credit hours to finish program:
– 24 credit hours equals 1 academic year.



Example Answer Chelsea



Proration Method 2

$$\text{Step 1: } \frac{8 \text{ credit hours}}{24 \text{ credit hours}} = .33$$

$$\begin{aligned} \text{Step 2: } \$5,500 \times .33 &= \$1,815 \text{ (Stafford annual loan amount)} \\ \$7,000 \times .33 &= \$2,310 \text{ (Additional unsubsidized Stafford loan amount)} \end{aligned}$$

Trainer's Tidbit



Case Study Greg



- Dependent.
- First-year student.
- Program requires:
– 600 clock hours.
– 20 weeks.
- School's AY is:
– 900 clock hours.
– 26 weeks.



Case Study Answer Greg



- Proration method 1 is used because the program of study is less than a full academic year.

$$\frac{600 \text{ clock hours enrolled}}{900 \text{ clock hours in AY}} \times 3,500 = \$2,333$$

$$\frac{20 \text{ weeks in program}}{26 \text{ weeks in AY}} \times 3,500 = \$2,692$$

- The prorated limit on Stafford loan eligibility is \$2,333.



Case Study Answer Greg



- Proration method 1 is used because the program of study is less than a full academic year.

$$\frac{600 \text{ clock hours enrolled}}{900 \text{ clock hours in AY}} \times 2,000 = \$1,333$$

$$\frac{20 \text{ weeks in program}}{26 \text{ weeks in AY}} \times 2,000 = \$1,538$$

- The prorated limit on unsubsidized Stafford loan eligibility is \$1,333.



Case Study

Molly



- Dependent.
- Has completed 46 credits.
- Two year program requires:
 - 60 credits to graduate.
- Taking 14 remaining credits during fall term.
- School's AY is:
 - 24 credits.



Case Study Answer

Molly



- Proration method 2 is used because the final period of enrollment is less than a full AY.

$$\frac{14 \text{ credit hours enrolled}}{24 \text{ credit hours in AY}} \times 4,500 = \$2,625$$

- The prorated limit on Stafford loan eligibility is \$2,625.



Case Study Answer

Molly



- Proration method 2 is used because the final period of enrollment is less than a full AY.

$$\frac{14 \text{ credit hours enrolled}}{24 \text{ credit hours in AY}} \times 2,000 = \$1,167$$

- The prorated limit on unsubsidized Stafford loan eligibility is \$1,167.



Case Study

Garth



- Dependent.
- Fourth-year student.
- Final year of program.
- Certified loan of \$5,500 based on:
 - 8 units fall.
 - 6 units spring.



Case Study Answer

Garth



- Proration is not required.
- Cancel the second disbursement of \$2,750.



Today's Agenda




- Proration.
- Frequency of Annual Loan Limits.



Academic Year Definition


Undergraduate Programs



Credit Hour	Clock Hour
30 weeks	26 weeks

Complete minimum of:

- 24 semester or trimester hrs.
- 36 quarter hrs.
- 900 clock hrs.



Academic Year Definition

Graduate/Professional Programs



All programs

30 weeks.

Complete minimum of:

- Hours a full-time student is expected to complete in those weeks.



Scheduled Academic Year


- Fixed period of time.
- Eligible for new loan at end of SAY.
- Summer header or trailer.
- Loan certification.

Scheduled Academic Year = 2 Semesters + Summer Trailer

Fall	Spring	Summer	Fall	Spring	Summer	Fall	Spring	Summer
Year 1			Year 2			Year 3		


Scheduled Academic Year = Summer Header + 2 Semesters

Summer	Fall	Spring	Summer	Fall	Spring	Summer	Fall	Spring
Year 1			Year 2			Year 3		



Borrower-Based Academic Year

- Depend on individual student's period of enrollment and progress.
 - Ends when student completes calendar period associated with BBAY.
- Must be at least:
 - 26 weeks of instruction for clock-hour programs.
 - 30 weeks of instruction for credit-hour programs.




Borrower-Based Academic Year

- Must include same number of terms as school's SAY.

Fall	Spring	Summer	Fall	Spring	Summer
Year 1		Year 2		Year 3	


Fall	Spring	Summer	Fall not enrolled	Spring	Summer
Year 1		Year 2		Year 3	

Fall	Spring	Summer	Fall	Spring not enrolled	Summer	Fall
Year 1		Year 2		Year 3		



Borrower-Based Academic Year

- Can use BBAY in standard-term credit-hour programs for:
 - All students.
 - Students on a case-by-case basis.
 - Can switch between SAY and BBAY to best suit need of student.
 - Certain academic programs.
- BBAY allows the student's SAY to begin at any point the student enrolls.
- BBAY requires tracking on a student-by-student basis.



Borrower-Based Academic Year

Programs not Based on Terms



- All non-term programs must use BBAY.
- Non-standard terms, non-term and clock-hour programs must meet statutory requirements for an AY.
- Student cannot borrow at the higher grade level until minimum number of weeks and hours have been completed.



Case Study

Non-term Credit Hour Program



Program Definition

AY: 24 semester hours and 30 weeks.	Program: Non-term.
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- SAY or BBAY?
 - BBAY – all non-term programs are BBAY.
- 48-semester hour program?
 - 2 loans.
- Loan periods?
 - 1st loan for 24 hour and 30 week period
 - 2nd loan for remaining hours and weeks.

Case Study

Clock Hour Program



Program Definition

AY: 900 clock hours and 30 weeks.	Program: 1,800 hours and 60 weeks.
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- How many loans?
 - 2 loans.
- Accomplish to receive loans?
 - 1st loan: Complete 900 hours and 30 weeks.
 - 2nd loan: Complete remaining hours and weeks.
- Annual loan limit for 900 hours and 27 weeks?
 - First-year limit.

Case Study

Non-Standard-Term Credit-Hour Program



Program Definition

AY: 36 quarter hours and 30 weeks.	Program: 108 hours and 90 weeks.
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- How many loans?
 - 3 loans.
- Accomplish to receive loans?
 - Complete 36 hours and 30 weeks for each loan.
- Annual loan limit for 900 hours and 27 weeks?
 - Completed 33 hours.
 - Needs 36 hours and 30 weeks for each loan.

Transfer Students/Re-Starts

Overlapping Loan Periods



NSLDS: Determine if academic year overlap exists.

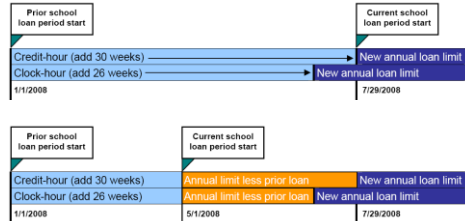
Credit Hour: Add 30 weeks to beginning of loan period.	Clock Hour: Add 26 weeks to beginning of loan period.
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If an overlap exists, then the gross amount of loan received at the previous school is subtracted from the student's annual loan limit.



Transfer Students/Re-Starts

Overlapping Loan Periods



Example

Carol



- Dependent.
- Second year student.
- First disbursement:
 - \$2,000 Stafford loan.
 - SAY: Aug. 1 – April 30.
- Transfers to State in January.



Example Answer

Carol



- Academic year overlap exists.
 - Prior school SAY : Aug. 1 - April 30
 - State spring term: Jan. 17 - May 1.
- Eligible for up to \$4,500.
 - \$2,500 maximum subsidized.
 - \$2,000 additional unsubsidized.
- Summer term is the trailer.
 - Not eligible for summer loans.



Today's Agenda



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