

150% DL Sub Limits

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

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Recent Regulatory Activity

Recent Regulatory Activity

- 150% Direct Subsidized Loan Limit – Interim Final Rule
 - Published May 16, 2013
 - Comment Period Ended on July 1, 2013
- Revised Final Rule published on January 16
 - Electronic Announcement Posted on January 17

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Recent Regulatory Activity

- Revised Final Rule published on January 16
 - Usage Period Calculations
 - Rounded to nearest 10.0 percent and not to the lowest 25.0 percent
 - Both calculation exceptions will apply -
 - Proration for less than full-time enrollment
 - 1.0 if borrower received full annual loan limit for less than an academic year

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Recent Regulatory Activity


- Revised Final Rule published on January 16
 - Maximum Eligibility Period (MEP) Calculations
 - Two-year bachelor's degree completion programs will have a program length of four years MEP = six years.
 - Special admission associate degree programs will have a program length of four years.
 - Program requires an associate degree or at least two years of coursework for admission
 - Selective admissions
 - Coursework necessary for licensure

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First-Time Borrower & Consequences



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First-Time Borrower

- Affects only first-time borrowers, as of July 1, 2013
- First-time borrower has no outstanding balance of principal or interest on a Direct Loan or FFEL loan –
 - On July 1, 2013, or
 - On the date the borrower obtains a Direct Loan after July 1, 2013
 - Example: Borrower had a balance on July 1, 2013 but paid it off in full prior to receiving loans after July 1, 2013

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Consequence: Eligibility Loss

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.

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Consequence: Interest Subsidy Loss

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graph LR; A[Lost eligibility due to 150% limit] --> B[Did not complete program]; B --> C[Enrolls in program of equal or shorter length]; C --> D[Subsidy loss];
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Based on enrollment, not borrowing, or requesting aid.


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Loss of Eligibility



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Determining When Eligibility is Lost



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

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Maximum Eligibility Period

- Maximum eligibility period is 150% of the published length of borrower's current or upcoming academic program
- Varies by program
- Multiply published length of program by 1.5
- Two exceptions
- Measured in academic years or portions
- ED will calculate using school-reported information

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Exception 1: Bachelor's Completion

- Bachelor's degree-completion programs will have a Maximum Eligibility Period of 6 years
- Implemented by reporting program length as 4 years
- Definition:
 - Only admits students who have completed
 - Associate degree or
 - Two years of prior undergraduate coursework

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Exception 2: Spec. Admission Assoc.

- Special admission associate degree programs will have a Maximum Eligibility Period of 6 years
- Implemented by reporting program length as 4 years
- Definition:
 - Only admits students who have completed
 - Associate degree; or
 - Two years of prior undergraduate coursework
 - Admits students on a competitive basis (i.e., no open enrollment)
 - Occupation requires licensure from state
- Example: Nursing program

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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 up/down to nearest tenth of a year
- Includes only periods when Direct Subsidized Loan received
- ED will calculate using school-reported information
- Two exceptions

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Calculating Subsidized Usage Period

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

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Example 1: Usage

Program is semester-based. Scheduled academic year includes the fall and spring semesters. Student receives 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 27, 2013	December 21, 2013	117
Academic Year	August 27, 2013	May 17, 2014	264

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

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Exception 1: Enrollment Status

- Calculated subsidized usage period is prorated by enrollment status
- Proration occurs before rounding

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Example 2: 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 27, 2013	May 17, 2014	264
Academic Year	August 27, 2013	May 17, 2014	264

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

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Exception 2: Annual Loan Limit

Only circumstance where dollars are considered is when a student receives a Direct Subsidized Loan in the amount of the annual loan limit for a period shorter than 1 AY.

Borrow full
annual
loan limit

+

Received
for less
than 1 AY

=

Subsidized
Usage
Period = 1

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.

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Loan Period & Academic Year

- Determines the Subsidized Usage Period
- Covered in DCL GEN-13-13, applies to all Direct Loans
- 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

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Loan Period & Academic Year

- Academic year – period to which the annual loan limit applies
 - For credit-hour programs that use standard terms or non-standard SE9W terms, corresponds to calendar period of terms in SAY or BBAY
 - For clock-hour programs or credit-hour programs that use non-standard NSE9W terms or do not use terms, corresponds to period of time required for borrower to complete a Title IV academic year's worth of coursework (BBAY)

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Example - Loan Period/AY

- Program: 2-years, credit hours, standard terms
- Academic year: 30 weeks, 24 semester hours, SAY (Fall 2013 and Spring 2014)
- Borrower enrollment: Spring semester 2014
- Loan period: Spring semester 2014
- Academic year: Begins on first day of the fall 2013 semester. Ends on last day of the spring 2014 semester.
 - *An academic year that corresponds to a term is never correct*

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Example - Loan Period/AY

- Program: 18 weeks, clock hours, non-term, 35 clock hours/week
- Academic year: 26 weeks, 900 clock hours, BBAY
- Borrower enrollment: Full program; borrower progresses through payment periods on schedule
- Loan period: Beginning and ending of 18 week program
- Academic year: Beginning of enrollment in program through end of the later of borrower's completion of 26 weeks of instruction or 900 clock hours (estimate actual time if program shorter than an AY)

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Updating Loan Periods

- 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 payment period are returned (R2T4)
- Student cancels all of a disbursement of a loan that is attributable to a payment period
- Student is not otherwise eligible for a 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

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Updating Academic Years

- 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

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Scope of Guidance

- Applies to ALL Direct Loans first disbursed on or after July 1, 2013
- Applies to ALL Direct Loan types
- Applies to ALL students
- Applies to ALL eligible programs and coursework

ED will monitor compliance with loan period and academic year date reporting

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Remaining Eligibility Period

How much eligibility borrower has left under 150% limit.

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

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Example: Remaining Eligibility

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

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Loss of Interest Subsidy

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Loss of Interest Subsidy Benefits

No Remaining Eligibility Period No Completion Enroll Subsidy loss

Subsidy loss is effective on the date of the triggering enrollment and cannot be regained.

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Enrollment Types: Subsidy Loss

1 Student lost eligibility Enrolled at least ½ time in same undergraduate program	2 Student lost eligibility Enrolled at least ½ time in an undergraduate program of equal or lesser length	3 Student had remaining eligibility Student enrolled at least ½ time in shorter undergraduate program where usage ≥ maximum
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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

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Which interest is the borrower's?

The diagram features a central purple rounded rectangle divided into two sections. The left section is labeled 'Interest accrued before subsidy loss' and is associated with an upward-pointing arrow labeled 'ED's responsibility'. The right section is labeled 'Interest accrued after subsidy loss' and is associated with a downward-pointing arrow labeled 'Borrower's responsibility'.

*Subsidy loss is **not** retroactive to the date of disbursement or from the date of the loss of eligibility. Loss of subsidy is from the date of the enrollment that caused the loss of subsidy.*

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Special Provisions

A photograph showing a student sitting at a desk in a library or study area, looking stressed with their hand on their forehead. There are papers and a laptop on the desk.

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Preparatory Coursework

<p>For Enrollment in an Undergraduate Program</p> <ul style="list-style-type: none"> Maximum Eligibility Period is 150% of program for which coursework is preparing for. Subsidized Usage Periods count against maximum eligibility. Enrolling could result in loss of interest subsidy. 	<p>For Enrollment in a Grad/Professional Program</p> <ul style="list-style-type: none"> 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.
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Teacher Certification Programs

- Programs that do not lead to a degree/certificate at institution, but lead to State credential that is required for teaching
- Subsidized Usage Periods from non-teacher certification programs do not count against maximum eligibility period for teacher certification programs
- Subsidized Usage Periods from teacher certification programs do not count against maximum eligibility period for other programs

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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

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Teacher Certification in 2013-2014

- Loans received only count against the Maximum Eligibility Period for Teacher Certification Programs
- No way to assume enrollment in Teacher Cert Program
- School must provide ad-hoc reporting to COD Feb. 2014
 - Loans subject to reporting and that are/were first disbursed prior to 3/15/14, schools must submit a Teacher Certification Program Ad-Hoc Reporting File prior to April 5, 2014
 - Loans subject to reporting and that are first disbursed on/after 3/15/14, schools must submit a Teacher Certification Program Ad-Hoc Reporting File within 15 days of making the first disbursement of the loan
- More information - 150% EA #4 and #10

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Limited School Calculation – EA #5 & #11

- For 13/14 limited number of instances where school will need to calculate Remaining Eligibility Periods prior to originating a Direct Subsidized Loan (13/14 COD not able to calculate)
- Performed by schools only in the following circumstances:
 - Borrower is a first-time borrower on or after July 1, 2013
 - Borrower received DL Sub (at any school) first disbursed on or after 7/1/13
 - School is considering student for another DL Sub for the borrower's enrollment in a program with a published length that is:
 - For programs measured in years, less than 1.5 years;
 - For programs measured in months, less than 10 months; or
 - For programs measured in weeks, less than 40 weeks.
 - School plans on originating the new DL Sub using the 13/14 COD System
- Excel worksheet provided (**new form to use on/after 3/18/14**)
- Not required if originating in the 14/15 COD System release



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Enrollment Status in 2013-2014

- Used to prorate Subsidized Usage Periods
- 2014-2015: Schools will report enrollment status to COD, including three-quarter time enrollment
- 2013-2014: COD does not have enrollment status and NSLDS does not have three-quarter time enrollment status
 - NSLDS reported enrollment status will be used - half-time will be used for entire loan period if reported as "at least half-time but less than full-time"
- More information in 150% EA #3



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Implementation



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COD Reporting Requirements

Existing

- 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, 1/2, 3/4)
- Payment Period Begin Date

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Other Changes to COD

The borrower is a first-time borrower

School submits origination record to COD

Subsidized Usage Period > Remaining Eligibility Period

COD will reject the loan

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Other Changes to COD

- Each time school submits an origination or disbursement record COD will:
 - Calculate Subsidized Usage Periods, including the new loan
 - Inform school of borrower's Maximum Eligibility, Subsidized Usage, and Remaining Eligibility periods
- COD will also inform borrower in disclosure statement

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NSLDS Reporting Requirements

Existing

- Enrollment Status – ½ and FT

New

- CIP
- Credential Level
- Program Length
- Length of Title IV Academic Year
- Flags for Prep Coursework
- Flag for Teacher Certification
- Enrollment Status - FT, ¾, ½

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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
- Pass information about student's current Subsidized Usage Period and whether the student has lost interest subsidy to CPS, for inclusion on the SAR/ISIR
- Inform Direct Loan servicers of borrowers enrollment and loss of interest subsidy

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Loan Counseling



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Entrance Counseling Resources

StudentLoans.gov:
June 28 – contains a link to PDF of counseling information (entrance only)

StudentLoans.gov:
December – expect to integrate information into counseling flow (entrance and exit)

150% EA #1:
May 16 – contains PDF of counseling information that is on StudentLoans.gov (may be used for entrance and exit)

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150% DL Sub Limit Resources

- 150% Direct Subsidized Loan Limitation Website
- IFAP.ed.gov (right-hand side)
- <http://ifap.ed.gov/150PercentDirectSubsidizedLoanLimitInfo/index.html>
- Contains:
 - Federal Registers; DCLs and EAs; Q & As; Training materials
 - Additional resources and references
- Questions:
 - E-mail: 150Percent-Questions@ed.gov
 - Subject: Include organizational affiliation

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QUESTIONS?

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Training Feedback

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

- Go to <http://s.zoomerang.com/s/DavidBartlett>
 - Evaluation form is specific to David Bartlett
- This feedback tool will provide a means to educate and inform areas for improvement and support an effective process for “listening” to our customers
- Additional concerns about training can be directed to joann.borel@ed.gov

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