150% Subsidized Loan Limitation

Chuck Hirman
U.S. Dept. of Education, FSA
Federal Loan School Support Team
Agenda

• Fundamentals
• Loan Period and Academic Year Reporting
• Updating Loan Records
• Reject Edit 206
• COD Calculator and Inquiry
• Edits under Development
• Enrollment Reporting
150% Fundamentals - Terms

- **SULA**
- First-time borrower
- Maximum Eligibility Period (**MEP**)
- Subsidized Usage Period (**SUP**)
- Remaining Eligibility Period (**REP**)
- XML Schema
- Tags
- SULA Calculations
- COD – system of record for loan records
- NSLDS – system of record for enrollment reporting
150% Fundamentals

- **First-time borrower**: Any borrower who had no balance on a DL/FFEL on 7/1/2013 or afterwards at the time they obtain a loan

- **Maximum Eligibility Period (MEP)**: Set at 150% of the published length of the program the borrower is enrolled in

- **Subsidized Usage Period (SUP)**: The loan’s subsidized usage, which is basically length of loan period divided by length of academic year

- **Remaining Eligibility Period (REP)**: The borrower’s remaining eligibility for subsidized loans:

\[
\text{MEP} - \sum \text{SUPs} = \text{REP}
\]
Determining When Eligibility is Lost

Maximum Eligibility Period  =  All Subsidized Usage Periods  =  Remaining Eligibility Period

150% limit is met and further eligibility is lost when Remaining Eligibility Period is zero (or less).
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.
Consequence: **Subsidy Loss**

Based on enrollment, not borrowing or requesting aid.

- **Lost eligibility due to 150% limit**
- **Did not complete program**
- **Enrolls in program of equal or shorter length**
- **Subsidy loss**
Question from school: How will the school be notified?

Answer:

- In the regular Common Record response when the loan origination record acknowledgement comes back from COD
- In a system-generated CRSU response
- On the Direct Subsidized Loan Usage Change report
- By searching online on the COD website
## 150% Resources - Responses

SULA usage communicated in two response types:

<table>
<thead>
<tr>
<th>1. Response File</th>
<th>2. System-Generated Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Origination of awards</td>
<td>System-generated response: <strong>CRSU</strong></td>
</tr>
<tr>
<td>• Maintenance on awards (aka Change Records)</td>
<td>• Activity on another loan for a student at your school</td>
</tr>
<tr>
<td></td>
<td>• Changes in enrollment status</td>
</tr>
<tr>
<td></td>
<td>• Changes to Non-Credential Teacher Certification Program data</td>
</tr>
<tr>
<td></td>
<td>• Discharge of a loan</td>
</tr>
<tr>
<td></td>
<td>• Payment to Servicer</td>
</tr>
</tbody>
</table>

IASFAA: 150% Subsidized Limit

9/13/2015
Direct Subsidized Loan Usage Change Report

• Displays Subsidized loans for a borrower when there is a change to SULA calculated values

• Generated weekly on borrowers have changes to:
  • Maximum Subsidized Eligibility Period
  • Actual (or Anticipated) Subsidized Usage Period
  • Actual (or Anticipated) Non-Credential Teacher Certification
    Subsidized Usage Period

• COD Newsbox

• CSV format

COD Technical Reference, Volume 6, Section 8
150% COD Web Pages

2 new SULA web pages have been added to the COD website:

1. **Subsidized Eligibility Information** page
   - Link on the Person Direct Loan Information page

2. **Subsidized Usage Limit Applies Request** page
   - To request the most recent SULA information via CRSU
   - Reachable via Batch tab, left navigation panel

**NOTE:** Privacy information shown in next pages is fake data from our test database
Subsidized Eligibility Information Page

COD website
Person Tab
Subsidized Eligibility Search

SULA
- MEP
- SUP
- REP

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10/13/2015
150% CRSU Request Page

COD website/ Batch Tab/ SULA Request
COD will generate a CRSU and send to TG Mailbox
Loan Period & Academic Year Basics

Loan period
- Includes payment periods (terms) for which student received and kept DL funds
- If student withdraws but keeps even $1 of disbursement for payment period keep in Loan Period
- If term (payment period) disbursement(s) are zero – remove from Loan Period

Academic year
- Dates tied to how school tracks annual loan limits
- Single-term Academic Year is never correct
- Use school-defined but not less than 26 or 30 weeks
- For SAY schools:
  - If summer is required - always include
  - If summer is not required - only include if student attends, receives, and keeps summer funds
Loan Periods & Academic Years

- Correct reporting crucial to accurate SULA calculations
- 2013-14 & forward – all borrowers, all loan types
- Loan periods should include only terms/payment periods in which the borrower received (and retained) funds
- **Loan Period**: period of enrollment for which the loan is intended
- **Academic Year**: period used to track annual loan limits
- Updates required in many instances if circumstances change

*Dear Colleague Letter GEN-13-13 posted 5/10/2013*
Academic Year Reporting

Your academic year is school-defined

- Minimum of 30 weeks of instruction and 24 semester/36 quarter credit hours for a credit-hour based program
  - No hour minimum for a graduate level program
- Minimum of 26 weeks and 900 clock hours of instruction for a program measured in clock hours

Why is this significant for SULA?

- We’re seeing loans with AY’s that are too short, even some less than half that
  - Since SUP = LP/AY ... calculations are too high
  - Plus, are these schools also awarding new annual loan limits too soon?
Loan Period/Academic Year Fraction
The Basic Calculation

Subsidized Usage Period (SUP) =

\[
\text{# Days in the Loan Period} \quad \text{# Days in the Academic Year}
\]

..... if too high SUP is too high
..... if too low SUP is too high

Note: the loan’s dollar amount does not enter into this basic calculation
Exceptions to Straight SUP Calculation

Subsidized Usage Period = Length of LP/Length of AY

1. Annual Loan Limit Exception:
   - If borrower receives full annual loan limit for grade level
   - AND loan period < academic year
   - Then a SUP of **1.0 year** will be calculated regardless of the actual LP/AY fraction

2. Enrollment Exception:
   - SUP is prorated based on enrollment status (x 1, X .75, or X .5)

3. Overlapping Loan Periods:
   - COD only counts loan period days once so if loans have overlaps
   - COD will evenly divide the loan period days into both loans

4. Loan Discharges, Payments to Servicing within 120 Days:
   - Closed school discharges remove Subsidized usage
   - Borrowers paying off a loan within 120 days will have usage removed
Updating Loans ... *guidance*

*Electronic announcement posted 11/21/2014 with 11-page attachment discusses ...*

- Some reasons why a loan/disbursement would need updating
- Steps required to inactivate a loan
- Steps needed to inactivate a disbursement

- Loans/disbursements not updated result in SUP calculations too high – using up subsidized eligibility too soon

- Various scenarios emphasize updates to the following:
  - Inactivating unused disbursements
  - Adjusting loan periods
  - Reducing loan amount to total amount actually disbursed
  - Correctly reporting enrollment status that differs from when loan was originated
Loan Period Updating

Example, why updating the loan period matters ...

Fall term: 9/10/2015 – 12/10/2015
Spring term: 1/10/2016 – 5/10/2016

• School originates a fall-spring loan
• Subsidized Usage Period (SUP):
  o #Days in Loan Period/#Days in Academic Year = 242/242
  o SUP = 1.0 Year

Borrower receives fall but does not return for spring

• School correctly updates the LP to fall-only
  o SUP = 91 days/242 days = 0.4 Year
  o You’ve saved 0.6 Year eligibility just by this one quick update
Annual Loan Limit Exception

- Example

- Loan originated with 2 anticipated disbursements
  - Loan amount: $3500
  - LP = AY: 9/10/2015 – 5/10/2016 ... SUP = 1.0 years
  - Fall disb made, student withdraws before spring disb
  - School correctly updates LP per GEN-13-13
  - LP = 9/10 – 12/10, AY = 9/10 – 5/10 ... SUP = **1.0 years still!**
  - Why? ... the annual loan limit exception was triggered

**Solution:** zero out the unused spring disbursement and reduce the loan amount to cover just the fall disbursement.
Updating – following the SUP

1. Loan amount: $3500
   • Loan period: fall-spring
   • Academic year: fall-spring
   • D1 $1750 pending
   • D2 $1750 pending
   ✤ Antic SUP = 1.0 Year

2. Loan amount: $3500
   • Loan period: fall-spring
   • Academic year: fall-spring
   • D1 $1750 actual
   • D2 $1750 pending
   ✤ Actual SUP = 1.0 Year

3. Loan amount: $3500
   • Loan period: fall
   • Academic year: fall-spring
   • D1 $1750 actual
   • D2 $0 pending
   ✤ Actual SUP = 1.0 Year

4. Loan amount: $1750
   • Loan period: fall
   • Academic year: fall-spring
   • D1 $1750 actual
   • D2 $0 pending
   ✤ Actual SUP = 0.5 Year

IASFAA: 150% Subsidized Limit
Annual Loan Limit Exception – *current issue*

Students being over-charged Subsidized usage when returning for summer and receiving a summer-only loan:

- Student attends Fall-Spring as freshman, $3500
- Student returns in summer as sophomore, eligible for $1000 more
- Per DCL GEN-13-13 schools may either option:
  1. Update the 001 loan, or
  2. Create a summer-only 002 loan (and add summer to 001 loan’s academic year)
Exception – current issue - continued

• At the moment this is a problem if you take option 2 so we recommend for now doing option 1 (put the increase on the 001 loan)

• Why? Annual Loan Limit Exception charges 1.0 year SUP regardless of LP/AY calculation IF loan is at annual loan limit and LP<AY … the exact conditions the 001 loan now has

• Borrower is charged 1.0 Year for fall-spring loan + another small portion for the summer loan

• We’ll fix this and do a clean-up but not until late June 2016
Updating “Pre-Used” Loans

Example: Loan was originated and an actual disbursement was made but later backed out

COD processing rules:

1. An actual Subsidized Usage Period (SUP) will be calculated if the incoming record has any actual disbursements
2. When an award is inactivated the actual Subsidized Usage Period (SUP) is cancelled

What does this mean?

• Once you’ve reported an actual disbursement on a loan the only way for the SUP to be fully removed is to inactivate the loan
  1. Reduce all disbursements to zero
  2. Reduce the loan amount to zero
Updating Loan Period for Departing Students

**Question from school:** *what loan updates are needed when a student withdraws or transfers during the academic year?*

**Answer:** update the loan record to reflect what actually happened rather than what was anticipated

- If the SAY contained the summer (attendance not required) but no summer disbursement made – remove from academic year
- If the loan period contains terms/payment periods where a disbursement was not made – remove from loan period
- If there are pending/anticipated disbursements that were not made actuals – zero them out
- Reduce the loan amount to equal the sum of the actual disbursements made
Question from school: are there regulatory timeframes for when loan updates must be made?

Answer:

- Within 15 days of when school became aware
- For non-term/clock-hour updates needed to account for a student’s progression through the program – schools can delay updating loan period/academic year dates until student completes the period of enrollment or withdraws
- R2T4 calculations required within 45 days of withdrawal. If the calculation requires returning all funds for the payment period the school must update the loan record within 15 days of completing the R2T4 calculation
Overlapping Academic Years

If student transfers into your school and an academic year reported by prior school has not elapsed:

- For credit-hour programs using standard terms or non-standard terms but that are SE9W, report your own academic year and ignore prior school’s.
- For non-term or clock-hour programs, use prior school’s academic year dates.
Overlapping Academic Years

Student attended School A and received $1,750 in subsidized loans as a first-year student (the loan was originally fall/spring for $3,500, but the student withdrew and School A modified the existing loan). School A uses SAY to track annual loan limits and defines its SAY as fall and spring.

Student transfers to School B for spring, which uses BBAY 1 to track annual loan limits. Student can only receive remaining $1,750 until SAY from prior school ends.

After SAY from prior school ends, student can receive another $1,750 before the end of the BBAY. Though the $1,750 from School A no longer counts, the first $1,750 from School B counts.
Overlapping Academic Years

Student attended School A and received $1,750 in subsidized loans as a first-year student.

Student transfers to School B to start a 1-year clock-hour program. Student can only receive remaining $1,750 until SAY from prior school ends.

After SAY from prior school ends, student progresses to next annual loan limit.
Timing of When Eligibility Runs Out

**Question from school:** what happens if the student reaches 150% in the middle of the year/quarter?

**Answer:**

- Since the Subsidized Usage Period (SUP) is calculated for the whole loan’s reported loan period and academic year, either the Remaining Eligibility Period (REP) is enough for the whole loan to make it through or the entire loan is rejected (edit-206)
- If rejected, you may be able to get the loan through with some modifications to the loan period, or even a reduction of the loan amount in some cases
- Eligibility will never run out in the middle of a term/payment period because the whole term will qualify or none of it will
Switching to Shorter Programs and Using Remaining Subsidized Eligibility

**Question from school:** how do we award partial years of eligibility, especially when a student switches to a shorter program?

**Answer:**
If a student has less than a full year of subsidized eligibility remaining there may be ways to get a final loan through. If possible (term-based) the school may need to award for less than an academic year, and less than the annual loan limit for that grade level.

- Researching reject edit 206
- COD website 150% calculator
Leaving Eligibility “on the table”

Question from school: will the student be able to get Unsubsidized funds if Subsidized eligibility is not ≤ zero?

Answer:
- Before awarding unsubsidized loans the student must be given the maximum subsidized eligibility possible for which they are eligible
- That doesn’t mean remaining eligibility is necessarily at 0.0 years
- It’s possible that for small remaining eligibility of <1.0 year it isn’t possible to originate a loan to use that
- The COD 150% online Calculator will help you
Reject **Edit 206**

**Remaining Subsidized Eligibility is less than zero for this award**

- You’ve sent a Subsidized loan to COD and it came back rejected with Edit 206

> ![now what?](image)

- Of course, everything could be reported optimally and the borrower simply has insufficient SULA eligibility so ... award unsubsidized
- Check the reporting of this rejected loan and make updates if necessary
- Confirm that prior loans already on the COD system were reported and updated correctly
Has this loan been reported so the borrower can receive the maximum Subsidized loans for which they are eligible?

**Maximum Eligibility - \( \sum \text{SUPs} = \text{Remaining Eligibility} \)**

**Subsidized Usage Period = LP/AY**

- Academic Year – at least the 26 or 30 week minimum?
- Loan Period – includes only terms/payment periods where the borrower receives loan funds?
- Enrollment Status – will the borrower be attending half-time or three-quarters-time?
- Loan Amount – is the annual loan limit exception being triggered?

**150% Calculator** on the COD website to help you model these calculations
Have previous loans been reported and updated correctly?

Although outside your control you can still be instrumental in getting those loans updated by contacting the former school.

So, as a professional courtesy, if you are that former school please update the loan promptly.

150% Inquiry functionality on the COD website.

Create Subsidized Usage Inquiry   Subsidized Usage Calculator
150% - Subsidized Usage Inquiry

- On the COD website
- Forward to FSA’s attention when SULA particulars need correcting on a loan and the former school can’t (won’t?) do so
  - Primarily intended for closed-school loans
- By far the most efficient means of getting former loans updated is by a courtesy call directly from financial aid office to financial aid office
150% - Subsidized Usage Calculator

• On the COD website
• Allows you to plug in subsidized loan values either for loans already on the system or new loans you are going to send
• Won’t create/build/change any loans – it’s just a calculator to help you see if a loan can make it through when remaining eligibility is in question
• Won’t need to keep sending the loan, getting it rejected
• Optional
Inquiry and Calculator

Test site fake data used
150% Inquiry
150% Calculator

150% Calculator

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10/13/2015
Calculator – has no impact on COD live data

Adding loans to the calculator does not build them in the COD database.

Removing existing loans from the calculator does not remove them from the COD database.
Calculator
Saves you from a reject-206

The addition of the DLS award to the Subsidized Usage Calculator was successful but caused the Remaining Actual Subsidized Eligibility of that award to be negative. This action would be rejected by the COD system.

Subsidized Usage Flag
- Yes
- No

Sum Actual Subsidized Usage Periods: 1.0
Sum Actual Non-Cred Teacher Cert Subsidized Usage Periods: 0.0

Direct Subsidized Loan Summary

<table>
<thead>
<tr>
<th>Award Year</th>
<th>Award ID</th>
<th>Non-Cred. Teacher Cert Program</th>
<th>Maximum Subsidized Eligibility Period</th>
<th>Actual Subsidized Usage Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>'14-'15</td>
<td>011103723815G00251001</td>
<td></td>
<td>6.0</td>
<td></td>
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<tr>
<td>'14-'15</td>
<td>011103723815G00251002</td>
<td></td>
<td>6.0</td>
<td></td>
</tr>
</tbody>
</table>
Common Subsidized Usage Inquiries

• **SUP is too high**
  - Loan Period still contains payment periods where no disbursement was made/retained
  - Academic Year less than 26 or 30 week regulatory minimum, often consisting of just a single term
  - Annual Loan Limit Exception misfired and 001 loan SUP is 1.0 year plus the 002 summer-only loan is another fraction more
  - Enrollment status was reported as full-time when borrower attended three quarters or half-time for at least one term/payment period
  - Academic Year reported as a single term/payment period

• **SUP is too low**
  - Academic Year contains summer term when no summer disbursement occurred and summer is not required attendance

• **Student lost subsidy**
  - Published Program Length misreported to NSLDS

• **Misunderstanding**
  - All prior Subsidized loans count against current program, not just current program’s or school’s loans
Dubious Advice ... from?

Having a Remaining Eligibility Period (REP) of 0.7 Years does NOT mean the loan will go through if $3500 \times 0.7 = $2450

- The only time reducing a loan amount may help getting a loan through is by reducing a $3500 loan or a $4500 loan, by any amount, so the Annual Loan Limit Exception doesn’t trigger
- You should only reduce the loan amount if doing so will get the borrower their last remaining eligibility
- If you can’t get the borrower their final eligibility (i.e. 0.3 Year) they are still eligible for Unsub
Zeroing out Pending Disbursements

**Question from school:** we just received a message from COD that program year closeout now requires us to zero out all pending disbursements. Why is that necessary?

**Answer:**
- PYCO closes that award year from further processing
- Loan periods too long, annual loan limit exceptions still triggering
- Most (all?) school software systems will not permit the loan amount to be less than the sum of the anticipated and actual disbursements
- So, if you don’t reduce the loan amount to what was actually disbursed now you may need to after the year is closed, requiring the year be repeatedly re-opened
COD Action Queue

Action Queue Search

Use this screen to search the Action Queue.

To search the Action Queue for a particular school, please enter the School ID and the date range:

- **Entity ID Type**: DirectLoan
- **Entity ID**: G03787
- **Award Year**: All
- **Disb. Start Date**: March 12 2015
- **Disb. End Date**: October 12 2015
- **Disbursement Status**: All

To search the Action Queue for a specific Batch, please enter the Batch ID:

- **Batch ID**: 

Note: Batch ID will search only by Review status.

**SEARCH**

**IASFAA: 150% Subsidized Limit**
SULA Misreporting

- Misreporting to COD and NSLDS
- Academic Years reported as a single term
- Academic years less than 26 or 30 weeks
- Published Program Length reporting to COD confusing weeks, months, years
- Publish Program Length reporting to NSLDS with wrong decimal: 000400 = 0.4 years while 004000 = 4 years
New 150% Edit Under Development

**Academic Year is Too Short**

- Reject edit
- Academic year dates reported are shorter than the regulatory minimum
- Report your school’s defined academic year length, not the minimum, unless that’s what you define it as
- But in no case should you report less than the minimum:
  - 26 weeks for clock-hour programs
  - 30 weeks for credit-hour programs
New 150% Edit Under Development

*Loans Period Needs to be Updated*

- Warning edit
- Loan contains terms/payment periods where all associated disbursements are zero

**Example**

Loan Period: 9/20/2015 – 6/10/2016

- **Fall:** 9/20/2015 – 12/10/2015  Disb 1 $1000  Disb 2 $1000
- **Winter:** 1/5/2016 – 3/15/2016  Disb 3 $1000  Disb 4 $1000
- **Spring:** 3/29/2016 – 6/10/2016  Disb 5 $0  Disb 6 $0

**Resolution:** update loan period to 9/20/2015 – 3/15/2016
New 150% Edit Under Development

*Loan amount not equal to sum of disbursements*

- Probably a warning edit
- Triggers when anticipated/actual disbursements have been reduced but the loan amount hasn’t had a corresponding reduction

- This will prevent the annual loan limit exception from firing incorrectly
- It will also relay to the new school of a transfer student that additional disbursements aren’t coming
- We are looking into whether COD will correct the loan amount and return the new value in a response
A Note About NSLDS Reporting

• There have been numerous communications about the requirement to report program-level enrollment data to NSLDS
  • Initially required as of 7/1/2014
  • But delayed to the first enrollment report submitted on/after 10/1/2014
• Dear Colleague Letter GEN-14-17 is one of many communications but IFAP has many more, including the NSLDS Enrollment Reporting Guide (attached to EA posted 7/23/2014)
• NSLDS scan revealed many schools hadn’t sent any program-level data yet.
• Policy been sending somewhat stern letters to school presidents warning of sanctions ... heads up!
Loss of Subsidy

- Borrowers are seeing Loss of Subsidy
- Some is legitimate but much of it is due to misreporting of data
Notifications to Students

**Question from school:** how and when are borrowers notified when they lose eligibility for further subsidized loans?

**Answer:**

- COD produces a **disclosure statement** for each loan origination record it receives and accepts. That statement will include the SUP for that loan, sum of SUPs, and the REP. Therefore, each loan keeps the borrower informed until no further loans are accepted.
- The **SAR** will communicate if they are subject to 150% and will also include the sum of SUPs. It will also tell them if they’ve lost subsidy and are responsible for the accruing interest.
- The **federal loan servicer** informs students when a loan has lost interest subsidy.
- This information is also available in **NSLDS**.
When will Subsidies Start Being Lost?

Question from school: when will we expect to see students lose their interest subsidy?

Answer:

- It has already begun for short programs. A 1-year program has a MEP of 1.5 years. Since the 150% rules were effective as of 2013/2014 some students who received a subsidized loan then and then continued enrollment through 2014/2015 without completing the program will have lost their subsidy.
- But we’re expecting a larger cohort when the first 2-year programs meet their MEP at 3 years (after 2015/2016).
- And then of course another large group when the first 4-year programs hit their MEP at the 6-year mark.
150% Resources

Reporting of Loan Periods & Academic Years

• Federal Loan School Support Team
• Dear Colleague Letter GEN-13-13
• Electronic Announcements & Webinar recording
• E-mail: DLOps@ed.gov

150% Regulations & Processing

• Federal Registers, Electronic Announcements, Webinar recordings, NSLDS Newsletters, COD Technical Reference
• E-Mail: 150Percent-Questions@ed.gov
• FAQs ... 20 new ones recently posted
QUESTIONS?