SULA Update

2017 IASFAA Conference

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Agenda

• Overview of SULA Concepts
• Misreporting
• Remaining Eligibility < 1.0 Year
• Program Year Closeout
• Closed Schools
• Tools
Overview of SULA Concepts
Basic SULA Eligibility

MEP - \( \sum \text{SUP} \) = REP

A time limitation, not dollar amount limit
Maximum Eligibility Period

Borrowers are eligible for subsidized loans for 150% of the Published Program Length in Years (PPLY)—this is called the Maximum Eligibility Period (MEP)

- If you report the program length in years we use what you report
- If you report the program length in months or weeks we also need your Weeks Programs Academic Year (WPAY) so we can convert it to years

\[ \text{PPLY} \times 1.5 = \text{Maximum Eligibility Period (MEP)} \]
Converting Months or Weeks to Years

- Reporting in months: COD and NSLDS convert to years
- Reporting in weeks: COD and NSLDS convert to years

Conversion Formulas

- \( PPLY = \frac{(PPLM \times 30)}{(WPAY \times 7)} \)
- \( PPLY = \frac{PPLW}{WPAY} \)

Legend

- \( PPLY \): Published Program Length in Years
- \( PPLM \): Published Program Length in Months
- \( PPLW \): Published Program Length in Weeks
- \( WPAY \): Weeks Programs Academic Year
Subsidized Usage Period

The amount of subsidized eligibility a loan uses is called its Subsidized Usage Period (SUP).

COD follows these three steps in order to calculate the SUP:

1. **SUP** = length of loan period ÷ length of academic year
2. *Loan limit exception*: if loan amount is at the annual limit (i.e. $3500, GL 1) ignore the SUP from above and make it 1.0 year
3. *Enrollment exception*: if enrollment is three quarters time or halftime multiply the SUP by .75 or .5, respectively
Miscellaneous Impacts on the SUP

• COD never counts loan period days twice so a student having overlapping loan periods will see half the overlapping loan period days assigned to one of the loans, the other half to the other loan.

• If the full disbursement is returned within 120 days of the disbursement date - when the school adjusts that disbursement down to zero (and returns the funds) and removes the corresponding term from the loan period – subsidized usage will no longer include that term/payment period.

• A loan that has been paid off does not remove the loan’s subsidized usage.

• But the subsidized usage of a closed school loan discharge is removed.
Remaining Eligibility Period

- The difference between the MEP and the $SUP$ is the Remaining Eligibility Period (REP).
- If the SUP of a loan you’re trying to award exceeds the REP the loan will reject with edit 206.
- You may be able to reconfigure the loan (lower the SUP) to get it through.
- If not that small REP can’t be used up at this time.
- Can still award unsubsidized because you’ve awarded as much subsidized eligibility as you are able to.
SULA System of Record

- COD performs SULA calculations to determine eligibility for the incoming subsidized loan origination or loan update
  - ✓ Loan rejected (edit 206)?

- NSLDS performs SULA calculations to determine eligibility to retain the interest subsidy on loans awarded
  - ✓ Loss of subsidy?
For a loss of subsidy to trigger - the following 3 conditions must all be present (even for as a little as one day):

- REP goes down to zero or less
- No graduation reported
- Enrollment continues in program of equal or lesser length
Misreporting
Misreported Loan Amount & Loan Period

Subsidized loan with 1.0 year SUP even though only had fall disbursement for $1750

• Loan amount of $3500
• Grade level 1
• Disbursements (no additional disbursements will be made):
  o fall disbursement: $1750 – actual
  o spring disbursement: $1750 – pending
• Loan period of fall-spring
• Academic year of fall-spring
Correct Loan Amount Updating

• **Problem**: loan amount is higher than the sum of actual disbursements made (and retained)

• **Why this matters**: if loan amount is at the annual limit ($3500, $4500, $5500) the annual loan limit exception triggers – charging the student a full year’s subsidized usage. Borrower is being over-charged subsidized usage by ~0.6 years

• **Solution**: reduce the loan amount to the total of actual disbursements (and zero out pending disbursements)
Correct Loan Period Updating

- **Problem**: loan period contains terms (payment periods) in which a disbursement wasn’t made or was made but later zeroed out

  ![Diagram showing loan period and disbursement terms](image)

  - **SUP = LP/AY = 1.0 Year**

- **Why this matters**: the basic calculation of a loan’s subsidized usage is length of loan period / length of academic year so the excessively long loan period causes subsidized usage to be too high

- **Solution**: remove from the loan period any terms/payment periods where a disbursement isn’t made/retained
Correctly Updated Loan Amount & Loan Period

• Loan amount $1750
• Disbursements (no additional disbursements will be made):
  o Fall disbursement: $1750 – actual
  o Spring disbursement: $0 – pending
• Loan period of fall
• Academic year of fall-spring

\[ SUP = \frac{\text{loan period}}{\text{academic year}} = \frac{\text{fall}}{\text{fall-spring}} = \approx 0.4 \text{ year} \]
Loan Period Misreporting

*Loan period dates do not coincide with dates of terms/payment periods*

- REP going into the academic year: 0.9 year
- Fall term: 9/10/17 – 12/15/17
- Spring: 1/10/18 – 5/20/18
- Loan period reported: 9/20/17 – 5/10/18
- SUP: 0.9 year

*School shaved off days from the beginning or ending of the loan period until the SUP did not exceed the REP*
Correct Loan Period Dates

- **Problem**: loan period dates must coincide with dates of terms/payment periods. Either the whole term is in the loan period or none of it is*

- **Why this matters**: borrowers are being awarded subsidized loans they are not be eligible for

- **Solution**: if the loan can’t be re-configured correctly the remaining eligibility simply can’t be used. If this happens you’ve awarded as much subsidized eligibility as possible – can award only unsub (unless something changes: program, enrollment, prior loans)

*NOTE: which also means the loan period end date should **not** be shortened to the last date of attendance. The term is either all in or all out
Loan Amount Misreporting

Loan amount was “prorated” by the remaining eligibility period

School multiplied the REP (e.g. 0.7 years) by the annual loan limit (e.g. $3500) to award an incorrect loan amount ($2450)
Correctly Reported Loan Amount

- **Problem:** incorrectly “prorating” loan amount
- **Why this matters:** under-awarding subsidized funds the borrower should be eligible for. If loan amount is at the annual limit the annual loan limit exception triggers but *any* loan amount less will bypass this trigger
- **Solution:** if REP < 1.0 year and the loan period has been shortened the reducing the loan amount *by any amount* will keep the exception from triggering and get the loan through
Misreported Payment Period Start Dates

All the loan’s PPSDs are the same (e.g. the loan period begin date)

School’s reported PPSDs:

- Fall start: 9/10/17  Enrollment: FT  PPSD: 9/10
- Winter start: 1/10/18  Enrollment: TQT  PPSD: 9/10
- Spring start: 3/10/18  Enrollment: HT  PPSD: 9/10

COD calculates the SUP: 1.0 year
Correct SUP: 0.8 year
PPSD is the *Payment Period’s* Start

- **Problem**: reporting all the PPSDs the same (usually misreported as the loan period start date)
- **Why this matters**: when enrollment varies between terms/payment periods COD uses the PPSD to measure the length of each term to “prorate” subsidized usage based on each term’s enrollment status. With PPSDs all the same it appears to COD that the loan is for a single term/payment period
- **Solution**: report the PPSD as the start date of that *payment period* or *term*, *not* the loan period start date
Misreported Enrollment Status

Reporting the enrollment status as of the census date instead of the disbursement date

School reported:

• Fall disbursement date: 9/10/17
• Enrollment on 9/10: HT
• School census date: 9/20/17
• Enrollment on 9/20: FT
• Enrollment status reported to COD: FT
Report Enrollment as of Disbursement Date

- **Problem**: inaccurate enrollment status causing subsidized usage to be too high or too low

- **Why this matters**: overstates or understates subsidized usage since the enrollment exception doesn’t trigger when it should or vice versa and then is calculated incorrectly

- **Solution**: the census date is not part of the 150% regulations. Report to COD the borrower’s enrollment status as of the date of the initial disbursement of the term/payment period
Misreported Academic Year

School reported a single-term loan period and a single-term academic year

- Loan period: fall-only
- Academic year: fall-only
- SUP = length of LP ÷ length of AY
- = fall / fall = 1.0 year
Report School’s Defined Academic Year

• **Problem:** academic year was reduced to a single term (usually done when the loan period became a single term)

• **Why this matters:** the basic calculation of a loan’s subsidized usage is length of loan period / length of academic year so the excessively short academic year causes subsidized usage to be too high

• **Solution:** report your school’s defined academic year, the period used to track annual loan limits. Regulatory minimum is 26 or 30 weeks. A single term academic year is never correct
Another Consequence of a Single-term Acad Year

_School updated to a single-term academic year when student withdrew/transferred_

How will next school know to account for $1750 already disbursed if their academic year should but does not overlap?
Recently Added COD SULA Edits

*These edits should catch many reporting errors for new records coming in but they are necessarily broad and aren’t retroactively applied*

- Reject edit **046** if academic year less than 26 weeks
- Correcting edit **219** if loan amount is greater than sum of disbursements
- Warning edit **220** if $0 disbursement has a Payment Period Start Date (PPSD) within the loan period (meaning loan period wasn’t shortened)
More Academic Year Misreporting

SAY schools with a summer header (or trailer) reporting summer in academic year though no summer disbursement was made (and summer enrollment not required)

- Disbursements made: fall, winter, spring
- Loan period: fall-winter-spring
- Academic year: fall-winter-spring-summer
- SUP = length of LP ÷ length of AY = 3 terms/4 terms = ~0.75 year

NOTE: For demonstration purposes we’re counting the number of terms in the LP and AY but COD actually counts the number of days
Include Summer only when Summer Disbursement Made

- **Problem:** academic year includes the summer for a SAY school when no summer disbursement is made

- **Why this matters:** the basic calculation of a loan’s subsidized usage is length of loan period / length of academic year so the excessively long academic year causes subsidized usage to be too low

- **Solution:** for SAY with summer headers or trailers only include the summer in the academic year if a summer disbursement is made or summer attendance is required
Misreported Summer term

School awarded a fall-spring loan and later a summer loan but failed to update the fall-spring loan’s academic year to include summer

001  LP:  fall-spring  AY:  fall-spring
002  LP:  summer  AY:  fall-spring-summer

001  SUP = LP / AY = fall-spring / fall-spring = 1.0 year
002  SUP = LP / AY = summer / fall-spring-summer = 0.3 year

\[ \sum \text{SUP} = 1.0 + 0.3 = 1.3 \text{ years} \]
Add Summer to 001 Loan

- **Problem**: A separate summer-only (002) loan was awarded but the fall-spring (001) loan was not updated to include summer in the academic year
- **Why this matters**: fractions
- **Solution**:
  - Go back into the 001 loan to add summer to the academic year
  - 001 loan: fall-spring/fall-spring-summer = 2 terms / 3 terms = 2/3 or 0.67 = 0.7 year
  - 002 loan: summer/fall-spring-summer = 1 term / 3 terms = 1/3 or 0.33 year = 0.3 year
  - \( \sum \text{SUP} = 0.7 \text{ year} + 0.3 \text{ year} = 1.0 \text{ year} \)
  - But if you end up not making/retaining that summer disbursement – remove summer from the 001 loan
Inaccurate Reference Chart Shortcut

*School uses a reference chart short-cut for its loan counselors and denies subsidized loans for students with REP* s *within certain ranges*

One such overly-broad chart has the school automatically not awarding a subsidized loan if the REP is less than 0.5 years. Taking into account:

- Enrollment status?
- Reporting of prior loans?
- Loans with overlapping loan periods?
Shortcuts are Shorting the Student

- **Problem**: overly-broad reference charts are often inaccurate

- **Why this matters**: Students may be denied a subsidized loan when one would go through
  - A one-semester loan typically has a 0.4-year SUP
  - A one-quarter loan has a 0.3-year SUP
  - And < FT enrollment – less yet

- **Solution**: SULA calculations can be complex and are dynamic. Let COD do the calculations. There is no compliance issue with a loan being rejected. The SULA Calculator will help you
Misreported Program Length

**Term-based school reporting a published program length of 12, 24 or 48 months and WPAY of 30**

- COD and NSLDS conversion of PPLM to PPLY:
  \[ PPLY = \frac{(PPLM \times 30)}{(WPAY \times 7)} \]

- 12-month program is *not* a 1-year program but a **1.7-year** program
  - MEP is not 1.5 years but **2.6 years**

- 24-month program is *not* a 2-year program but a **3.4-year** program
  - MEP not 3.0 years but **5.1 years**

- 48-month program is *not* a 4-year program but a **6.9-year** program
  - MEP not 6.0 years but **10.3 years**
Programs that should be Reported in Years

- **Problem**: reporting published program length in months when it should be in years for term-based schools

- **Why this matters**: borrowers getting more subsidized loans than eligible for, loss of subsidy once corrected

- **Solution**: report to COD and NSLDS the same way you publish. If program length not published then an associate’s degree should be reported as 2 years, bachelor’s degree as 4 years unless academic design calls for longer. Otherwise use school’s determination for how long a fulltime student will take to complete
Another Misreported Program Length

Watch your units (seeing this sort of thing from time to time)

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✓ But at least one mistake seems to moderate the other (do you see it?)
Misreported Degree Completion

Misreported program length for students in Bachelor’s Degree Completion Program or Special Admission Associate’s Degree Program

- Programs are being reported to COD and NSLDS as 2-years, resulting in loans rejected by COD for exceeding the MEP and in loss of subsidy determinations at NSLDS.
Report 4-Year Degree Completion

• **Problem**: program length reported as 2 years even though the program qualifies as a degree completion program

• **Why this matters**: borrower will not have enough subsidized eligibility remaining to get loans in the completion program and loss of subsidy on loans already awarded

• **Solution**: final regulations published on 1/17/2014 explain reporting of degree completion programs
  - Schools will report a program length of **4 years**, even though the program is only 2 years in length, which will result in a Maximum Eligibility Period of 6 years
    - Bachelor’s Degree Completion Programs
    - Special Admission Associate’s Degree Programs
Summer Enrollment Misreporting

*Students reported as withdrawn during the summer even though they’re expected back at least halftime in the fall*

- Student was enrolled fulltime in the spring and is expected to return fulltime in the fall. But because student is not attending in the summer the school has reported the student as withdrawn.
Summer Enrollment Reporting Guidance

- **Problem:** when summer enrollment is misreported it may result in a loss of subsidy

- **Why this matters:** loss of subsidy is not warranted in many of these situations

- **Solution:** student can be reported to be enrolled during the summer at least halftime as long as student was enrolled at least halftime during the previous term and is expected to return at least halftime after the summer
Summer Enrollment Misreporting

*Student enrolled in a community college for the summer to take a course before returning to 4-year school in the fall, but community college reported student in a program of study*

- Student did not receive Title IV aid
- Was not actually admitted into a program
Combination Leads to a Loss of Subsidy

- **Problem**: 4-year school misreported a withdrawal, 2-year school misreported student in a program
- **Why this matters**: withdrawal from the 4-year program means the longest program the student was enrolled in was the 2-year program. If the student’s ∑SUP from loans at the 4-year school exceeded the MEP of the 2-year program: *loss of subsidy triggers*
- **Solution**: don’t report a withdrawal in the summer at the 4-year program, or enrollment in a program at the community college
# Enrollment Effective Date Misreporting

**School inadvertently reporting the enrollment certification date as the enrollment status effective date**

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This program could be the longest program the student was in at some point between 8/29/15 and 6/19/17. When actually **was** the withdrawal?
Enrollment Status Accuracy

• **Problem**: reporting the certification date as the enrollment status effective date

• **Why this matters**: inaccurately reporting the student in a program, especially a shorter program when the $\Sigma$SUP has exceeded that program’s MEP, could result in a *loss of subsidy*

• **Solution**: report the graduation, withdrawal, etc. with the accurate effective date. NSLDS customer service can help
Remaining Eligibility < 1.0 Year
Remaining Eligibility < 1.0 Year

- You can only award another subsidized loan if you can configure it so the SUP does not exceed the REP.
- Otherwise, the final REP can’t be used at this time but you can still award unsubsidized because you’ve awarded as much subsidized as you are able.
- Getting the REP completely down to zero is not a requirement in order to award unsubsidized.
Let’s review the 3 steps in COD’s calculation of a SUP and see what you might be able to update:

1. **SUP = length of loan period / length of academic year**
   - Reduce the loan period to contain fewer terms if permitted

2. **Loan limit exception:** if loan amount is at the annual limit set
   the SUP to 1.0 year
   - Reduce the loan amount to be an amount less than the
     annual limit if doing so is the only way to get a loan through

3. **Enrollment exception:** if TQT (X .75) or HT (X .5)
   - N/A – the enrollment is what it is but is it correctly reported?
Minimum Loan Period

- Credit-hour, standard term or non-standard term SE9W programs: minimum loan period is the term
- Clock-hour, non-term or non-standard term NSE9W programs: minimum loan period is the lesser of:
  - Length of the program
  - Remaining portion of the program
  - Academic year
  - Remaining period to “finish out” the academic year of the transfer student
Review: an Example

*Loan submitted to COD but rejected with edit 206*

- Loan amount: $3500 (grade level 1)
- Loan period: 9/10/17 – 5/20/18
- Academic year: 9/10/17 – 5/20/18
- School reporting semesters
- Enrollment: fulltime all disbursements/terms
- Student’s REP going into the year: **0.5 years**
Example

Let’s calculate the SUP so we have a starting place

1. SUP = length of loan period ÷ length of academic year
   o Loan period: 9/10/17 – 5/20/18 (253 days)
   o Academic year: 9/10/17 – 5/20/18 (253 days)
   o SUP = 253 / 253 = 1 or 1.0 year

2. Loan limit exception triggered because loan at annual limit for grade level
   o Loan amount of $3500 so SUP would be set to 1.0 year even if not already there

3. Enrollment exception triggers if three quarters time or halftime
   o N/A – enrollment is fulltime

SUP of 1.0 year > REP of 0.5 year Loan rejected
Example

Now let’s see if we can re-configure the loan to get it through

Fall-only loan period: 9/10/17 – 12/16/17 (98 days)
Fall-Spring academic year: 9/10/17 – 5/20/18 (253 days)

1. SUP = Loan Period length ÷ Academic Year length
   o LP = 98 days ÷ AY = 253 days = 98/253 = 0.4 Year
2. Loan limit exception will no longer trigger if
   o Reduce loan amount for loan to accept (to most student eligible for)

SUP is now 0.4 Year <= REP of 0.5 Year Loan accepts
Program Year Closeout
Program Year Closeout

Prior to confirming closeout for the award year make sure you have:

- Zeroed out all pending (unused) disbursements
- Reduced the loan amount to the sum of the actual disbursements
- Shortened the loan period to remove any terms/payment periods where no disbursement was made and retained
- Reported the correct academic year dates
  - If you added summer to a Scheduled Academic Year anticipating a summer disbursement but none was made/retained – make sure you remove the summer
SULA Adjustments Needed Report

- Responsibility for correct reporting/updating rests solely on the school
- Reporting requirements timeframes are much sooner than closeout deadlines
- COD implemented processing changes and a number of edits to assist but they are not all-encompassing
- This new report will be run in the closeout timeframe to alert schools to at least some of the records they missed
- COD will update those records after closeout if schools fail to
- Does not relieve schools of their responsibility
- Our edits are necessarily broad and can’t possibly catch everything

FOR TRAINING PURPOSES ONLY

EA #24
6/29/2017
Closed Schools
Closed Schools and SULA

• Pending disbursements have no bearing on annual or aggregate limits as those only look at disbursed amounts
• FSA attempts to work with remaining school staff at closed schools, or their third party servicer, to do the necessary SULA-related loan updates
• COD or FSA can work on the remainders
• Submit a SULA Inquiry on any needing a SULA update
Closed School Loan Discharge

• Must be requested by the borrower – not automatically done
• Process takes a few weeks even after the borrower has correctly and completely completed the forms and sent any necessary documentation
• In the interim we recommend originating the subsidized loan even if it wouldn’t be accepted by COD yet if submitted
• Consider also a “placeholder” unsubsidized loan for the same amount that can be disbursed and later replaced if/when the subsidized loan gets discharged
• Just note the borrower could be wrong – the loan in question may not qualify for a discharge
Tools
IFAP and E-mail

IFAP Home Page

- Communications
  - Electronic Announcements
  - Dear Colleague Letters
  - Federal Register Notices including Regulations
- Frequently Asked Questions
- Training
- Resources

150Percent-Questions@ed.gov

- General SULA questions
Inquiry and Calculator

**COD Website**
- Go to Person Search
- Bring up the student
- Direct Loan
- View Undergraduate Usage History

**SULA Inquiry**
- Student-specific questions
- Almost 1,500 researched to date

**SULA Calculator**
- Won’t send, remove or harm any loans on the system
Questions?

THANK YOU!

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