



NASFAA
ANNUAL STATE & REGIONAL
TRAINING MATERIALS

2015–16



**150% Subsidized Loan Limitation—
Are We Doing It Right?**

Participant Handout



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NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

**The 2015–16 NASFAA Training was developed by the
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NASFAA Annual State and Regional Training Materials



150% Subsidized Loan Limitation—Are We Doing It Right?

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NASFAA 2015–16 Annual State and Regional Training Materials

The 2015–16 training for states and regions is 150% Subsidized Loan Limitation—Are We Doing It Right? The materials were developed by the NASFAA Annual Training Task Force. A special thank you goes to task force members:

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Workshop Goals

Participants will be able to:

- Determine whether a student is subject to the 150 percent Direct Loan Subsidized Loan limitation;
- Identify the components the Department of Education (ED) uses to determine and monitor a student's eligibility under the 150 percent Direct Loan Subsidized Loan limitation;
- Understand how ED calculates a student maximum eligibility period (MEP), subsidized usage period (SUP), and remaining eligibility period (REP);
- Explain when a student loses eligibility to borrow additional subsidized loans and the interest subsidy on previously received subsidized loans under the 150 percent Direct Loan Subsidized Loan limitation;
- Identify the data schools must report to the Common Origination and Data (COD) System and to the National Student Loan Data System (NSLDS) related to the 150 percent Direct Loan Subsidized Loan limitation and explain when the data must be reported and updated;
- Describe the information schools must provide during loan entrance and exit counseling to student subject to the 150 percent Direct Loan Subsidized Loan limitation; and
- Advise students, outside of required loan entrance and exit counseling, about how a change in their academic plans can impact their eligibility under 150 percent Direct Loan Subsidized Loan limitation.

Examples: Calculating the 150% Subsidized Loan Limitation

Maximum Eligibility Period (MEP)

Reported Program Length (PL)	Conversion of PL to AYs	Multiplier	MEP
5-Year Bachelor's Degree	N/A	X 1.5	7.5 Years
4-Year Bachelor's Degree	N/A	X 1.5	6.0 Years
2-Year Associate Degree	N/A	X 1.5	3.0 Years
1-Year Certificate Program	N/A	X 1.5	1.5 Years
18-Month Certificate Program (credit-hour program)	$\frac{(18 \text{ months} \times 30 \text{ days})}{210 \text{ days}}$ = 2.57	X 1.5	3.85 Years
10-Week Certificate Program (clock-hour program)	$\frac{(10 \text{ weeks} \times 7 \text{ days})}{182 \text{ days}}$ = .38	X 1.5	.57 Years

Subsidized Usage Period (SUP)

Example 1

In a semester-based program where the Schedule Academic Year is the fall and spring semesters, the student enrolls full-time and receives one-term subsidized loan for fall only. The amount of loan is not for the full annual loan limit.

	Begin Date	End Date	Number of Days
Loan Period	August 17, 2015	December 18, 2015	124
Academic Year	August 17, 2015	May 13, 2016	271

$SUP = 124/271 = .457$ Years, Rounded up to .5 Years

Example 2

In a program that is 600 clock hours and 20 weeks of instruction, the student receives subsidized loan for the program. The Borrower-Based Academic Year is 900 clock hours and 26 weeks of instruction.

	Begin Date	End Date	Number of Days
Loan Period	August 24, 2015	December 11, 2015	110
Academic Year	August 24, 2015	February 19, 2016	180

$SUP = 110/180 = .611$ Years, Rounded down to .6 Years

Example 3

In a semester-based program with a Scheduled Academic Year that includes the fall and spring semesters, the student receives a subsidized loan for both semesters, but is enrolled only half time each semester.

	Begin Date	End Date	Number of Days
Loan Period	August 24, 2015	May 13, 2016	264
Academic Year	August 24, 2015	May 13, 2016	264

$SUP = (264/264 = 1.00 \text{ Years}) \times .5$ for half-time enrollment status = .50 Years

Remaining Eligibility Period (REP)

Example 1

Full-time student has borrowed subsidized loans for eight semesters of a four-year bachelor's degree program. After graduating, student enrolls in a community college for a two-year certificate.

	End of year 4 of 4-year program	Upon transfer to 2-year program
MEP	6 Years	3 Years
SUP	4 Years	4 Years
REP	2 Years	-1 Year
Subsidy Loss	No, borrower has remaining eligibility	Student retains subsidy for prior loans as the student graduated from 4-year program on time, but is not eligible to borrow additional subsidized loans for 2-year program

Example 2

Full-time student, enrolled in a 4-year degree program at a semester-based institution, only has subsidized loans for 11 of the 12 semesters of that program. During each of the six years, the student borrowed only a \$2,000 subsidized loan. Student has not completed the program and enrolls for a 7th year, requesting a subsidized loan for fall and spring semesters of the 7th year.

	Start of fall semester of 7th year	Start of spring semester of 7th year
MEP	6 Years	6 Years
SUP	5.5 Years (Student did not borrow subsidized loan in 1 of the 12 semesters attended)	6 Years
REP	.5 Years	0 Years
Subsidy Loss	No, borrower has remaining eligibility	Yes, borrower enrolled with no remaining eligibility and without completing program

Example 3

Student has completed 3 years of full-time enrollment in a 2-year program, having borrowed subsidized loans each semester. Student enrolls for one more semester in 2-year program before transferring to a 4-year program.

	Before transfer to 4-year program	Upon transfer to 4-year program
MEP	3 Years	6 Years
SUP	3 Years	3 Years
REP	0 Years	3 Years
Subsidy Loss	Yes, student continued at least half-time enrollment in the 2-year program after reaching the 150 percent for that program	Not on a loan for the new program since it is a longer program (prior subsidized loans that lost subsidy do not regain subsidy)

Example 4

Student received 6 years of subsidized loans while enrolled in a 4-year program. After graduation, student enrolls in a 1.5-year teacher certification program where the state awards the credential.

	End of year 6 of 4-year program	Upon enrollment in teacher certification program
MEP	6 years	3 Years
SUP	6 years	0 Years, total SUP includes only loans received while enrolled in the teacher certification program
REP	0 Years	3 Years, only SUPs calculated for enrollment in a teacher certification program count against the teacher certification program MEP
Subsidy Loss	No, student did not remain enrolled in the 4-year program after reaching the program's MEP	No, because enrollment is in teacher certification program for which the state awards the credential

School Reporting Requirements to the Common Origination and Disbursement System

The chart below summarizes data schools must report to the Common Origination and Disbursement (COD) System at the time of a loan's origination and disbursement as well as when previously reported data about that loan must be updated to comply with the requirements of the 150% Direct Subsidized Loan Limitation. All tags must be populated at the time of origination and disbursement unless otherwise noted.

Data	Tag Level	Report	Update
Academic Year (AY) Dates (Period to which annual loan limit applies)	Award	<ul style="list-style-type: none"> • Beginning and ending dates of student's Scheduled Academic Year (SAY) or Borrower-Based Academic Year (BBAY) <ul style="list-style-type: none"> ➤ Report summer header or trailer only if student will receive a summer loan* • If program length < AY and payment period is measured by the successful completion of both hours and weeks, AY end date is based on time it would take a full-time student to complete an AY worth of coursework 	<ul style="list-style-type: none"> • Required only if: <ul style="list-style-type: none"> ➤ Reported SAY did not include a summer header or trailer and student subsequently enrolls and will receive the same loan type (i.e., a supplemental loan) for the summer term; or ➤ Reported BBAY is measured by the successful completion of both (credit or clock) hours and weeks of instructional time in the BBAY and student fails to complete the BBAY as originally scheduled <ul style="list-style-type: none"> ◆ Student's BBAY extended to when student has completed both the required hours and weeks • Update within 15 days of the date school becomes aware of the need to make the adjustment <ul style="list-style-type: none"> ➤ If school must extend student's BBAY, may delay update until student completes loan period or withdraws • Update not required if the entire loan is cancelled

Data	Tag Level	Report	Update
Loan Period	Award	<ul style="list-style-type: none"> • Beginning and ending dates of period of enrollment that the loan will cover during the student's SAY or BBAY 	<ul style="list-style-type: none"> • Required if the student: <ul style="list-style-type: none"> ➤ Requests cancellation of a disbursement; ➤ Does not begin attendance at all or at least half time AND no loan funds disbursed; ➤ Is not eligible for a loan; ➤ Withdraws and entire loan disbursement returned under return of Title IV funds calculation; or ➤ Is enrolled in a program for which the payment period is measured by the successful completion of both (credit or clock) hours and weeks of instructional time and fails to progress to next payment period or AY as scheduled <ul style="list-style-type: none"> ◆ Must extend loan period by time it takes student to complete enrollment period covered by the loan • Update within 15 days of the date the school becomes aware of the need to make an adjustment <ul style="list-style-type: none"> ➤ If school must extend student's payment period and BBAY because student has not successfully completed the required hours or weeks, may delay update until student withdraws or completes the enrollment period covered by the loan • Update not required if the entire loan is cancelled

Data	Tag Level	Report	Update
Published Program Length	Award	<ul style="list-style-type: none"> Reported in years, months, or weeks, as published by the school. Value should be as of the date the school makes the first disbursement of the loan If no program length is published by the school (in weeks, months, or years), then a self-determined program length based on the definition of “normal time,” or the period of time it would normally take a full-time student to complete the program Not required if the special program indicator is populated for preparatory coursework for a graduate/professional program 	If initially reported value was incorrect, or upon subsequent disbursements if the value has changed
Program Credential Level	Award	<ul style="list-style-type: none"> Numerical value corresponding to the type of certificate or degree program in which the student is enrolled as of the date the school makes the first disbursement of the loan If enrolled in multiple programs, report program credential level for the longest program 	If initially reported value was incorrect, or upon subsequent disbursements if the value has changed
Program Classification of Instructional Programs (CIP) Code	Disbursement	<ul style="list-style-type: none"> Subject-matter of the program the student is enrolled in Use CIP 2010 values Majors only, minors not reported If enrolled in multiple programs, report CIP code for the longest program in which the student is enrolled 	If initially reported values were incorrect, or upon subsequent disbursements if the value has changed
Special Programs Indicator	Award	<ul style="list-style-type: none"> Values include: selective admissions associate degree program, bachelor’s degree completion program, preparatory coursework for a graduate professional program, non-credential teacher certification program, preparatory coursework for an undergraduate program, and not applicable Value should be as of the date the school makes the first disbursement of the loan 	If initially reported values were incorrect, or upon subsequent disbursements if the value has changed

Data	Tag Level	Report	Update
Enrollment Status	Disbursement	<ul style="list-style-type: none"> • Report enrollment status (i.e., full time, three-quarter time, or half time) at time of the initial disbursement for each payment period <ul style="list-style-type: none"> ➤ If a nonterm credit-hour program or clock-hour program, always report full time • If school chooses to pay loan disbursement in installments over the payment period loan, school may report student's enrollment status as of the date school pays the initial or subsequent installment • Tag must be submitted for each disbursement • Tag should be populated with the "financial aid enrollment status," or the enrollment status that is used to determine the student's eligibility for financial aid 	If enrollment status changed from the date of origination
Payment Period Start Date	Disbursement	<ul style="list-style-type: none"> • Report the beginning date of the payment period for which the disbursement is intended • Tag must be submitted for each disbursement 	Required if the borrower is enrolled in a program for which the payment period is measured by the successful completion of both (credit or clock) hours and weeks of instructional time and fails to progress to next payment period as scheduled

* If a SAY with a summer trailer is used and the student subsequently requests a summer loan, the school can either originate a new loan for only the summer loan period, or increase the amount of the existing loan to include the summer. If the school opts to originate a new loan for the summer, the AY dates of the existing loan must be updated to include the summer, and the loan period for the new summer loan includes only the dates of the summer. If the school opts to update the amount of the existing loan, the school must update both the AY and loan period to include the summer dates. Similar options and requirements apply when summer is a header but the student initially does not borrow a loan to cover the entire summer through spring payment periods, and later wants a loan for the entire payment periods.

School Reporting Requirements to the National Student Loan Data System

The chart below summarizes program-level information schools must report to the National Student Loan Data System (NSLDS). Information must be reported at least every 60 days. A school must report enrollment information for all programs in which a student is enrolled, regardless of whether the program is a Title IV-eligible program. If a student is enrolled simultaneously in more than one program at the school, each program must be reported separately. Refer to the July 2014 NSLDS Enrollment Reporting Guide, for detailed enrollment reporting guidelines. Updated reporting guidance related to students simultaneously enrollment in more than one program at the same school is in GEN-14-17.

Data	Report
Program Indicator	<ul style="list-style-type: none"> • NSLDS enrollment reporting file layout includes two levels of enrollment reporting— <ul style="list-style-type: none"> ➤ Campus-level enrollment; and ➤ Program-level enrollment • NSLDS will reject submissions that include records from only one of the two levels unless the program indicator is populated with a “no” • The following are the only appropriate circumstances in which the program indicator may be populated with a “no”: <ul style="list-style-type: none"> ➤ The student is enrolled at a “deferment-only” school; or ➤ The student is genuinely not enrolled in <i>any</i> program of study • Students enrolled in a Title IV-ineligible program, a program for which the school does not offer Title IV aid, or a student with an “undeclared major” must still be reported <p>(The Program Indicator field is the only one in this handout that is at the “campus-level;” all other fields (below) are at the “program-level”)</p>
Published Program Length	<ul style="list-style-type: none"> • Years, months, or weeks as published by school • If no program length is published by the school (in weeks, months, or years), then a self-determined program length based on the definition of “normal time,” the period of time it would normally take a full-time student to complete the program • Field is actually two fields: one for the <i>number</i> of years, months, or weeks, and another for the <i>unit</i> of measure—i.e., years, months, or weeks
Weeks in Title IV Academic Year	<ul style="list-style-type: none"> • Total number of weeks of instruction in the program’s academic year definition, but only if the reported program a published program length that is measured in months or weeks.
Program CIP Code	<ul style="list-style-type: none"> • Subject matter of the program in which the student is enrolled • Use CIP 2010 values • Major only – minors not reported
Credential Level	<ul style="list-style-type: none"> • Report numerical code corresponding to the type of certificate or degree the student will earn upon completion of the program • Use code “99” for Title IV-eligible programs that do not lead to a certificate or degree conferred by the institution, such as preparatory coursework, certain teacher certification programs, and certain transfer programs

Data	Report
Special Program Indicator	<ul style="list-style-type: none"> • Values include: selective admissions associate degree program, bachelor's degree completion program, preparatory coursework undergraduate program, preparatory coursework graduate professional program, teacher certification program that does not lead to a credential awarded by the school, or not applicable
Program Begin Date	<ul style="list-style-type: none"> • Date the student began enrollment in the program • Will always correspond to the beginning of the payment period in which student began enrollment, e.g., the beginning of a term)
Enrollment Status	<ul style="list-style-type: none"> • Report for each program, total number in which the student is enrolled at the school regardless of any specific credit applies to the academic year being reported
Program Enrollment Status Effective Date	<ul style="list-style-type: none"> • The date on which the reported program enrollment status became effective

NOTE: Because the 150% limit's loss of subsidy provision requires the student to lose the interest subsidy based *solely* on enrollment, and not whether the student requests or receives aid, it is especially important schools work to find ways to report students who enroll at their school, but who are not current Title IV aid recipients. Transfer Student Monitoring is one way to ensure a student is added to a school's roster file (which will ensure reporting of the student's enrollment). Another method to ensure such students are added to rosters is to embed a question about prior receipt of financial aid in the school's admission process, and to use the response as the trigger for adding a student to Transfer Student Monitoring.

Loan Counseling Requirements Related to the 150% Subsidized Loan Limitation

Definitions of First-Time Borrower

The definition of first-time borrower for purposes of determining whether a student is subject to the 150 percent subsidized loan limitation is not the same definition as a first-time borrower for purposes of determining whether Direct Loan entrance counseling requirements apply.

First-Time Borrower for Purposes of the 150 Percent Subsidized Loan Limitation

34 CFR 685.200(f)(1)

(1)(i) *First-time borrower* means an individual who has no outstanding balance of principal or interest on a Direct Loan Program or FFEL Program loan on July 1, 2013, or on the date the borrower obtains a Direct Loan Program loan after July 1, 2013.

First-Time Borrower for Purposes of the Direct Loan Entrance Counseling

34 CFR 685.304(a)(1),(2)

(a) *Entrance counseling.* (1) Except as provided in paragraph (a)(8) of this section, a school must ensure that entrance counseling is conducted with each Direct Subsidized Loan or Direct Unsubsidized Loan student borrower prior to making the first disbursement of the proceeds of a loan to a student borrower unless the student borrower has received a prior Direct Subsidized Loan, Direct Unsubsidized Loan, Subsidized or Unsubsidized Federal Stafford Loan, or Federal SLS Loan.

(2) Except as provided in paragraph (a)(8) of this section, a school must ensure that entrance counseling is conducted with each graduate or professional student Direct PLUS Loan borrower prior to making the first disbursement of the loan unless the student borrower has received a prior student Direct PLUS Loan or student Federal PLUS Loan.

Entrance Counseling Requirements

34 CFR 685.304(a)(6)(xiii)

(6) Entrance counseling for Direct Subsidized Loan and Direct Unsubsidized Loan borrowers must—

(xiii) For first-time borrowers as defined in Sec. 685.200(f)(1)(i), explain the limitation on eligibility for Direct Subsidized Loans and possible borrower responsibility for accruing interest described in Sec. 685.200(f), including—

(A) The possible loss of eligibility for additional Direct Subsidized Loans;

(B) How a borrower's maximum eligibility period, remaining eligibility period, and subsidized usage period are calculated;

(C) The possibility that the borrower could become responsible for accruing interest on previously received Direct Subsidized Loans and the portion of a Direct Consolidation Loan that repaid a Direct

Subsidized Loan during in-school status, the grace period, authorized periods of deferment, and certain periods under the Income-Based Repayment and Pay As You Earn Repayment plans; and

(D) The impact of borrower responsibility for accruing interest on the borrower's total debt.

Exit Counseling Requirements

34 CFR 685.304(b)(4)(xii)

(4) The exit counseling must—

(xii) Explain to first-time borrowers, as defined in Sec. 685.200(f)(1)(i)—

(A) How the borrower's maximum eligibility period, remaining eligibility period, and subsidized usage period are determined under Sec. 685.200(f);

(B) The sum of the borrower's subsidized usage periods, as determined under Sec. 685.200(f)(1)(iii), at the time of the exit counseling;

(C) The consequences of continued borrowing or enrollment, including—

(1) The possible loss of eligibility for additional Direct Subsidized Loans; and

(2) The possibility that the borrower could become responsible for accruing interest on previously received Direct Subsidized Loans and the portion of a Direct Consolidation Loan that repaid a Direct Subsidized Loan during in-school status, the grace period, authorized periods of deferment, and certain periods under the Income-Based Repayment and Pay As You Earn Repayment plans;

(D) The impact of the borrower becoming responsible for accruing interest on total student debt;

(E) That the Secretary will inform the student borrower of whether he or she is responsible for accruing interest on his or her Direct Subsidized Loans; and

(F) That the borrower can access NSLDS to determine whether he or she is responsible for accruing interest on any Direct Subsidized Loans as provided in Sec. 685.200(f)(3);

Time Limitation on Direct Subsidized Loan Eligibility for First-Time Borrowers on or after July 1, 2013

Maximum eligibility period to receive Direct Subsidized Loans

There is a limit on the maximum period of time (measured in academic years) that you can receive Direct Subsidized Loans. In general, you may not receive Direct Subsidized Loans for more than 150% of the published length of your program. This is called your “maximum eligibility period”. You can usually find the published length of any program of study in your school’s catalog.

For example, if you are enrolled in a 4-year bachelor’s degree program, the maximum period for which you can receive Direct Subsidized Loans is 6 years (150% of 4 years = 6 years). If you are enrolled in a 2-year associate degree program, the maximum period for which you can receive Direct Subsidized Loans is 3 years (150% of 2 years = 3 years).

Your maximum eligibility period is based on the published length of your current program. This means that your maximum eligibility period can change if you change programs. Also, if you receive Direct Subsidized Loans for one program and then change to another program, the Direct Subsidized Loans you received for the earlier program will generally count against your new maximum eligibility period.

Click [here](#) to see some examples that show how your maximum eligibility period can change if you change programs.

Periods that count against your maximum eligibility period

The periods of time that count against your maximum eligibility period are periods of enrollment (also known as “loan periods”) for which you received Direct Subsidized Loans.

For example, if you are a full-time student and you receive a Direct Subsidized Loan that covers the fall and spring semesters (a full academic year), this will count as one year against your maximum eligibility period.

If you receive a Direct Subsidized Loan for a period of enrollment that is shorter than a full academic year, the period that counts against your maximum usage period will generally be reduced accordingly.

For example, if you are a full-time student and you receive a Direct Subsidized Loan that covers the fall semester but not the spring semester, this will count as one-half of a year against your maximum eligibility period.

With one exception, the amount of a Direct Subsidized Loan you receive for a period of enrollment does not affect how much of your maximum eligibility period you have used. That is, even if you receive a Direct Subsidized Loan in an amount that is less than the full annual loan limit, that lesser amount does not reduce the amount of your maximum eligibility period you have used. The one exception applies if you receive the full annual loan limit for a loan period that does not cover the whole academic year. In that case, the loan will count as one year against your maximum eligibility period regardless of your enrollment status (half-time, three-quarter time, or full-time).

Click [here](#) to see an example.

Effect of borrowing while enrolled part-time

If you receive a Direct Subsidized Loan when you are enrolled less than full-time, the period that is counted against your maximum eligibility period will be reduced.

For example, if you are enrolled half-time and receive a Direct Subsidized Loan for a period of enrollment that covers a full academic year, this will count as only one-half of a year against your maximum eligibility period.

Loss of eligibility for additional Direct Subsidized Loans and becoming responsible for paying interest on Direct Subsidized Loans

After you have received Direct Subsidized Loans for your maximum eligibility period, you are no longer eligible to receive additional Direct Subsidized Loans. However, you may continue to receive Direct Unsubsidized Loans.

we will no longer (with certain exceptions) pay the interest that accrues on your Direct Subsidized Loans for periods when we would normally would have done so. The chart below provides examples of these circumstances.

In addition, if you continue to be enrolled in any undergraduate program after you have received Direct Subsidized Loans for your maximum eligibility period,

Do I become responsible for paying the interest that accrues on my Direct Subsidized Loans because . . .	Yes	No
I am no longer eligible for Direct Subsidized Loans and I stay enrolled in my current program?	X	
I am no longer eligible for Direct Subsidized Loans, did not graduate from my prior program, and am enrolled in an undergraduate program that is the same length or shorter than my prior program?	X	
I transferred into the shorter program and lost eligibility for Direct Subsidized Loans because I have received Direct Subsidized loans for a period that equals or exceeds my new, lower maximum eligibility period, which is based on the length of the new program?	X	
I was no longer eligible for Direct Subsidized Loans, did not graduate from my prior program, and am enrolled in an undergraduate program that is longer than my prior program?		X
I lose eligibility for Direct Subsidized Loans and immediately withdraw from my program?		X
I graduated from my prior program prior to or upon meeting the 150% limit, and enroll in an undergraduate program that is the same length or shorter than my prior program?		X
I enroll in a graduate or professional program?		X
I enroll in preparatory coursework that I am required to complete to enroll in a graduate or professional program?		X
I enroll in a teacher certification program (where my school does not award an academic credential)?		X

Remember, your maximum eligibility period can change if you enroll in a different program. So, if you received Direct Subsidized Loans for your maximum eligibility period for one program and then enroll in a longer program, you will not become responsible for interest that accrues on your Direct Subsidized Loans.

enrollment after meeting the 150% limit, during periods when we would have normally paid the interest for you. Below is a chart that summarizes the periods when we normally pay the interest on your Direct Subsidized Loans, and an explanation and what happens after you become responsible for the interest.

If you meet any of the conditions on the prior page, you will become responsible for the interest that accrues on your Direct Subsidized Loans, from the date of your

Click [here](#) to see an example.

During what period am I responsible for paying the interest on my Direct Subsidized Loans . . .	Before meeting the 150% limit?	After meeting the 150% limit?
While enrolled in school at least half-time	No	Yes
During my grace period on loans first disbursed (paid out) July 1, 2013 through June 30, 2014	Yes	Yes
During my grace period on loans first disbursed (paid out) July 1, 2014 or after	No	Yes
During deferment periods	No	Yes
During certain periods of repayment under the Income-Based Repayment or Pay As You Earn Plan	No	Yes
During forbearance periods	Yes	Yes
During all other periods of repayment	Yes	Yes

If you become responsible for the interest that accrues on your Direct Subsidized Loans, any interest that you do not pay will be capitalized (added to your loan principal balance) at the end of the grace, deferment, or other periods. Capitalized interest increases your loan principal, increases your monthly payment

amount under most Direct Loan repayment plans, and causes you to pay more interest over the life of your loan.

Your federal loan servicer will notify you if you become responsible for paying the interest on your Direct Subsidized Loans.

Regaining eligibility for Direct Subsidized Loans

If you become ineligible for Direct Subsidized Loans because you have received Direct Subsidized Loans for your maximum eligibility period, you may again become eligible to receive Direct Subsidized Loans if you enroll in a new program that is longer than your previous program.

Click [here](#) to see an example.

If you regain eligibility to receive additional Direct Subsidized Loans because you enrolled a program that is longer than your prior program and you previously became responsible for paying all of the interest that accrues on your Direct Subsidized Loans, we will pay the interest that accrues on your new loans during the periods described in the chart above.

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Glossary of Terms Related to the 150% Subsidized Loan Limitation

Bachelor's degree completion program: A one- or two-year program that is not open enrollment, requires (as a prerequisite for admission) the student to have successfully an associate degree or two years of undergraduate coursework, and offers the upper division coursework need to complete the bachelor's degree.

Dual degree program: A program in which the student completes the requirements for an undergraduate degree and a graduate or professional degree within the same program.

First-time borrower: A student who has no outstanding balance on a Federal Family Education Loan (FFEL) Program Loan or Direct Loan on July 1, 2013, or on the date he or she obtains a Direct Loan after July 1, 2013.

Loan period: Portion of an academic year during which a student will enroll and will receive a loan. For standard term credit-hour programs and nonstandard term credit-hour programs with substantially equal terms of at least nine weeks in length, the minimum length of a loan period is the length of a term. For all other academic program structures, the minimum loan period is the smallest of the program length, the length of the academic year, or the remaining portion of a program. For all programs, the maximum loan period is generally an academic year. A school may use a longer period if the loan is for a length of the student's program that is longer than an academic year.

Maximum eligibility period (MEP): 150 percent of the published length of a "first-time borrower's" current educational program, measured in academic years.

Period of enrollment: The portion of an academic year during which the student will be enrolled; it may be a full academic year or a portion of an academic year. See also loan period.

Remaining eligibility period (REP): The amount of time, measured in academic years, for which a first-time borrower may receive additional Direct Subsidized Loans.

Selective admission associate degree program: A one- or two-year program that is not open enrollment, admits only students who have successfully completed an associate degree or two years of undergraduate coursework and have met additional competitive criteria for admission, and provides the academic qualifications necessary for a profession that requires licensure from the state in which the program is located.

Subsidized usage period (SUP): The period of time for which a first-time borrower receives a Direct Subsidized Loan. It is calculated loan by loan and measured in academic years. If a subsidized usage period is not a whole academic year, it is rounded up or down to the nearest tenth of a year.

Teacher certification program: A program for which the state (not the school) awards the credential required for employment in an elementary or secondary school in that state.

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Resources for 150% Subsidized Loan Limitations— Are We Doing It Right?

The following is a list of resources used to develop the training materials you may find helpful.

Regulations

34 CFR 685 William D. Ford Federal Direct Loan Program

Federal Registers

- *Federal Register*, 1/17/14, pp. 3108 to 3119 – William D. Ford Federal Direct Loan Program; Final Rule
- *Federal Register*, 5/16/13, pp. 28954 to 28971 – William D. Ford Federal Direct Loan Program; Interim Final Rule

Dear Colleague Letters

- GEN-14-07 – Changes to NSLDS Enrollment Reporting: Program-Level Reporting and More Frequent Reporting
- GEN-14-17 – NSLDS Program-Level Enrollment Reporting
- GEN-13-13 – Reporting Academic Year and Loan Period to COD for Direct Loans

Electronic Announcements

- 150% Direct Subsidized Loan Limit: Electronic Announcement #18 – Implementation of Loss of Interest Subsidy Based on Enrollment
- 150% Direct Subsidized Loan Limit: Electronic Announcement #17 – School Misreporting of Data to COD and NSLDS
- 150% Direct Subsidized Loan Limit: Electronic Announcement #16 – Important Reminders About COD Reporting Responsibilities for 150% Calculations
- 150% Direct Subsidized Loan Limit: Electronic Announcement #15 – Processing Tips for COD System Edits 204, 205, and 206
- 150% Direct Subsidized Loan Limit: Electronic Announcement #1 – 150% Direct Subsidized Loan Limit: Electronic Announcement #1 – Interim Final Regulations Published

Other Resources

- 2015–16 *FSA Handbook*, Volume 3
- *COD Technical Reference*, 2015–16

- *NSLDS Enrollment Reporting Guide*, July 2014
- Department of Education 150 Percent Direct Subsidized Loan Limit–Frequently Asked Questions (<http://www.ifap.ed.gov/150PercentDirectSubsidizedLoanLimitInfo/FAQ.html>)



150% Subsidized Loan Limitation— Are We Doing It Right?



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The following is a presentation prepared for:
Name of Conference
City, ST
Date

1

150% Subsidized Loan
Limitation—Are We
Doing It Right?



Name of Presenter –Title
School

2

150% Subsidized Loan Limitation

Applies to first-time borrowers who have no outstanding balance on a Direct Loan or Federal Family Education Loan (FFEL) on

- July 1, 2013 or;
- Date obtains a Direct Loan AFTER July 1, 2013



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150% Subsidized Loan Limitation— Are We Doing It Right?

Training Goals

Enhanced understanding of:

- How 150% subsidized loan limitation calculated and applied
- When eligibility to borrow a subsidized loan and the interest subsidy on previously borrowed Direct Subsidized Loans are lost
- School reporting requirements to the Common Origination and Disbursement (or COD) and National Student Loan Data System (or NSLDS) systems
- Information about the limitation that must be provided during entrance and exit counseling
- How schools can advise students about the 150% subsidized loan limitation outside of entrance and exit counseling

Calculating the 150% Direct Subsidized Loan Limitation

Components Used to Determine Eligibility Under 150% Limitation

- Maximum Eligibility Period (MEP)
- Subsidized Usage Period (SUP)
- Remaining Eligibility Period (REP)



150% Subsidized Loan Limitation— Are We Doing It Right?

Maximum Eligibility Period (MEP)

- Period of time, measured in academic years, equal to 150% of published length of student's program of study
- Reported by school to COD
- ED calculates MEP based on school reported

Published Length of Program

- Based on how long takes full-time student to complete program
- May report length in academic years, months, or weeks

Published Length of Program

- Preparatory coursework does not increase MEP
 - If required for undergraduate program, MEP based on program for which coursework required
 - If required for graduate/professional program, based on most recent program for which subsidized loan received



150% Subsidized Loan Limitation— Are We Doing It Right?

Published Length of Program

- If simultaneous enrollment in more than one program at same school, report:
 - Length of longest program; or
 - May choose which program to report when programs are the same length
- If dual degree program, MEP based on portion of program during which student considered an undergraduate

Published Length of Program

- If teacher certification program (i.e., state awards credential required for employment in elementary or secondary school in that state), MEP based on school published length of that program
 - If student later enrolls in an undergraduate program, loans received for teacher certification program do not count against MEP for undergraduate program

Published Length of Program

- Regulations define program length of four years for purpose of calculating MEP if program is:
 - Bachelor's degree completion program; or
 - Selective admission associate degree program



150% Subsidized Loan Limitation— Are We Doing It Right?

Converting Months or Weeks to AYs

Length of Program =

$\frac{\text{\# of days in program}}{\text{\# of days in program's Title IV academic year (AY)}}$

- Week = 7 days
- Month = 30 days
- Days in Title IV AY for credit-hour program = 210 (i.e., 30 weeks X 7 days)
- Days in Title IV AY for clock-hour program = 182 (i.e., 26 weeks X 7 days)



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MEP Formula

Published length of student's program

x 150%

= MEP



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MEP Examples

Reported Program Length (PL)	Conversion of PL to AYs	Multiplier	MEP
5-Year Bachelor's Degree	N/A	X 1.5	7.5 Years
4-Year Bachelor's Degree	N/A	X 1.5	6.0 Years
2-Year Associate Degree	N/A	X 1.5	3.0 Years
1-Year Certificate Program	N/A	X 1.5	1.50 Years
18-Month Certificate Program (credit-hour program)	$\frac{(18 \text{ months} \times 30 \text{ days})}{210 \text{ days}} = 2.57$	X 1.5	3.85 Years
10-Week Certificate Program (clock-hour program)	$\frac{(10 \text{ weeks} \times 7 \text{ days})}{182 \text{ days}} = .38$	X 1.5	.57 Years



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150% Subsidized Loan Limitation— Are We Doing It Right?

Subsidized Usage Period (SUP)

- Period of time, measured in years, for which a student receives a Direct Subsidized Loan
- Includes only periods when Direct Subsidized Loan received
- Rounded, up or down, to nearest tenth of a year

SUP Formula

$$\frac{\text{Number of days in loan period}}{\text{Number of days AY (i.e., SAY or BBAY)}} = \text{SUP}^*$$

*rounded to nearest tenth of a year

SUP Formula Exceptions

1. If credit-hour program, prorate SUP by student's enrollment status before rounding using:
 - 1 for full time,
 - 0.75 for three-quarter time, or
 - 0.5 for half time
2. SUP = 1 year if:
 - Credit-hour program offered in standard terms or in nonstandard terms not substantially equal and no term less than 9 weeks; and
 - Full-time student receives loan for full annual loan limit for loan period greater than AY



150% Subsidized Loan Limitation— Are We Doing It Right?

Remaining Eligibility Period (REP)

- Amount of time for which a student may receive a Direct Subsidized Loan under 150% subsidized loan limitation
- Calculation formula:
 - Maximum eligibility period (MEP)
 - Total of subsidized usage periods (SUPs)
 - = Remaining eligibility period (REP)

Remaining Eligibility Period (REP)

- If teacher certification program for which state awards credential, total SUPs includes only SUPs calculated for teacher certification program
- If REP ≤ 0, eligibility to borrow additional subsidized loans lost
- If REP greater than 0 but less than full AY, cannot borrow full annual loan limit
- If REP less than minimum loan period applicable to student's program of study, cannot originate a subsidized loan

Loss of Interest Subsidy

- Occurs when student:
 - Has no remaining REP for current program but continues at least half-time enrollment in the program;
 - Reaches 150% MEP for current program and then enrolls at least half time in another undergraduate program of same or shorter length; or
 - Has a REP greater than zero for current program, enrolls at least half-time in shorter undergraduate program but total SUP is equal to or greater than new program's MEP
- Effective from date of enrollment that caused the loss



150% Subsidized Loan Limitation— Are We Doing It Right?

REP: Example 1

A full-time student has borrowed subsidized loans for 8 semesters of a 4-year bachelor's degree program. After graduating, student enrolls in a community college for a two-year certificate.

	End of year 4 of 4-year program	Upon transfer to 2-year program
MEP	6 Years	3 Years
SUP	4 Years	4 Years
REP	2 Years	-1 Year
Subsidy Loss	No, borrower has remaining eligibility	Student retains subsidy for prior loans as they graduated from 4-year program on time, but is not eligible to borrow additional subsidized loans for 2-year program.



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REP: Example 2

Full-time student, enrolled in a 4-year degree program at a semester-based institution, only has subsidized loans for 11 of the 12 semesters of that program. During each of the six years, the student borrowed only a \$2,000 subsidized loan. Student has not completed the program and enrolls for a 7th year, requesting a subsidized loan for fall and spring semesters of the 7th year.

	Start of fall semester of 7th year	Start of spring semester of 7th year
MEP	6 Years	6 Years
SUP	5.5 Years (Student did not borrow subsidized loan in 1 of the 12 semesters attended)	6 Years
REP	.5 Year	0 Years
Subsidy Loss	No, borrower has remaining eligibility	Yes, borrower enrolled with no remaining eligibility and without completing program



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REP: Example 3

Student has completed 3 years of full-time enrollment in a 2-year program, having borrowed subsidized loans each semester. Student enrolls for one more semester in 2-year program before transferring to a 4-year program.

	Before transfer to 4-year program	Upon transfer to 4-year program
MEP	3 Years	6 Years
SUP	3 Years	3 Years
REP	0 Years	3 Years
Subsidy Loss	Yes, student continued at least half-time enrollment in the 2-year program after reaching the 150% limit for that program	Not on a loan for the new program since it is a longer program (prior subsidized loans that lost subsidy do not regain subsidy)



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150% Subsidized Loan Limitation— Are We Doing It Right?

REP: Example 4

Student received 6 years of subsidized loans while enrolled in a 4-year program. After graduation, student enrolls in a 1.5-year teacher certification program where the state awards the credential.

	End of year 6 of 4-Year program	Upon enrollment in teacher certification program
MEP	6 Years	3 Years
SUP	6 Years	0 Years, SUP includes only loans received while enrolled in a teacher certification program
REP	0 Years	3 Years, total SUP includes only loans received while enrolled in a teacher certification program
Subsidy Loss	No, student did not remain enrolled in the 4-year program after reaching the program's 150% MEP	No, because enrollment is in teacher certification program for which the state awards the credential

School Requirements



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School Requirements

- Report accurate information to COD and NSLDS that is used to determine and monitor a student's eligibility under the 150% subsidized loan limitation
- Provide information about the 150% subsidized loan limitation during exit counseling



150% Subsidized Loan Limitation— Are We Doing It Right?

Best Practices to Facilitate Compliance

- Identify where required data reside
- Develop and foster strong partnerships and communication channels with each area having responsibility for compliance
- Have thorough and easily accessible policies and procedures (P&P) about the 150% subsidized loan limitation
- Monitor for changes in requirements and if changes:
 - Adjust P&P as needed
 - Inform those with compliance responsibilities of any changes

Reporting Requirements

Reporting Requirements

- Required data reported to:
 - COD via student's loan and origination records
 - NSLDS via enrollment reporting process
- Common data points in each set that must be defined and reported consistently



150% Subsidized Loan Limitation— Are We Doing It Right?

Required COD Data

- Loan's academic year
- Loan period
- Length of student's program of study and credential level
- Program's CIP Code and Special Programs Indicator
- Student's enrollment status
- Start date for each of the loan's payment periods

Program CIP Code

- Report valid Program Classification of Instructional Programs (CIP) Code using NCES 2010 CIP Code List located at:
<https://nces.ed.gov/ipeds/cipcode/Default.aspx?y=55>
- If student's major undecided or undeclared, report CIP Code 24.0102 (General Studies)

Special Program Indicator

- A = Selective admission associate program
- B = Bachelor's degree completion program
- N = Not applicable
- P = Preparatory coursework for graduate/professional Program
- T = Noncredential teacher certification program
- U = Preparatory coursework for undergraduate program



150% Subsidized Loan Limitation— Are We Doing It Right?

Required NSLDS Data

- For **each program** in which student currently enrolled, school must report:
 - Published length program
 - Weeks of instruction in program's Title IV academic year definition
 - Program's credential level, CIP Code, and Special Program Indicator
 - Student's program begin date, enrollment status, and program status effective date
- See guidance in July 2014 *NSLDS Enrollment Reporting Guide* and GEN-14-17



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NSLDS Enrollment Status

- F = Full time
- Q = Three-quarter time
- H = Half time
- L = Less than half time
- A = Leave of absence
- G = Graduated
- W = Withdrawn
- D = Deceased
- X = Never attended
- Z = Record not found



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**Counseling Requirements
and Advising Students about
the 150% Subsidized Loan
Limitation**



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150% Subsidized Loan Limitation— Are We Doing It Right?

Loan Counseling

- Certain information about 150% subsidized loan limitation must be presented during entrance and exit counseling
- Required information included in ED's online counseling

Entrance Counseling

- “First-time borrower” defined differently for purposes of determining whether student:
 - Must undergo entrance counseling; or
 - Is subject to 150% subsidized loan limitation
- During entrance counseling, only first-time borrowers subject to 150% subsidized loan limitation must receive information about the limitation

Entrance Counseling

Must explain:

- Possible loss of eligibility for additional subsidized loans
- How student's MEP, SUP, and REP determined
- Possible loss of interest subsidy on previously received subsidized loans
- Impact of student's responsibility for accruing interest on student's total debt



150% Subsidized Loan Limitation— Are We Doing It Right?

Exit Counseling

If “first-time borrower” for purposes of 150% subsidized loan limitation, must explain:

- How student’s MEP, SUP, and REP determined
- Student’s total SUP at time of exit counseling
- Consequences of continued borrowing or enrollment, including information about:
 - Possible loss of eligibility for additional subsidized loans
 - Possible responsibility for accruing interest on previously received subsidized loans

Exit Counseling

If “first-time borrower” for purposes of 150% subsidized loan limitation, must explain:

- Impact of student’s responsibility for accruing interest on student’s total debt
- ED will inform student whether he or she responsible for accruing interest on subsidized loans
- Student can access NSLDS to determine whether he or she is responsible for accruing interest on previously received subsidized loans

Advising Students

- Between entrance and exit counseling, not required but recommended student’s academic plans change
- Situations for which student may benefit from additional advising:
 - Preparatory or remedial coursework
 - Change in academic program
 - Change in enrollment status
 - Failed coursework



150% Subsidized Loan Limitation— Are We Doing It Right?

Advising Students

Additional advising should:

- Provide student with information about eligibility for:
 - Additional subsidized loans
 - Interest subsidy on previously received subsidized loans
- Encourage student to review his or her loan information on NSLDS periodically and contact the financial aid office if questions about his or her NSLDS loan information

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Questions?

Please send your questions to:
name@xxxxx.xxx (email address)



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150% Subsidized Loan Limitation— Are We Doing It Right?

NASFAA 2015–16 Annual State and Regional Training Material Evaluation

NASFAA’s Annual Training Task Force appreciates your interest in its training activities. To help ensure that our efforts meet your needs, please complete the following questions and leave this form with your instructor.

Location of this training: _____ Date: _____

In responding to the questions that ask for a rating, please use the following scale:

5 = Excellent 4 = Very Good 3 = Good 2 = Fair 1 = Poor

I. Please indicate the usefulness of information for your position/job.

Content of Training	5	4	3	2	1
Instructor’s Presentation	5	4	3	2	1
Examples	5	4	3	2	1
Group Discussions	5	4	3	2	1
Handouts	5	4	3	2	1
Overall Training	5	4	3	2	1

II. What features of the training and/or the materials did you find most useful? Select all that apply.

- Instructor’s presentation Examples
 Group Discussions Handouts

Other, please specify: _____

III. What features would have made the training and the materials more useful?

- Instructor’s presentation Examples
 Group Discussion Handouts

Other, please specify: _____

IV. Please indicate the type of setting this training was conducted. (Check *all* that apply)

- Stand Alone Topic General Session Breakout Session
 Other, please specify: _____

V. If you feel that additional materials would have been helpful in the context of the training, please describe them.

VI. Would you recommend this training to a colleague? Yes No

If no, why not? _____

VII. Please check the type of institution you represent. (Check *all* that apply)

- Public Proprietary Two-year
 Private Graduate/Professional Four-year
 Other: _____

VIII. How many years of experience do you have as a financial aid administrator? (Check one)

- Less than 2 years
 2 to 5 years
 More than 5 years
 More than 10 years
 More than 15 years

IX. Have you previously attended any other NASFAA training? Yes No

X. If you have ideas about other topics that should be the subject of future training, please list them.

XI. Please use the space below for any other comments you would like to make.

If you are unable to leave this form with an instructor, please complete it and mail or fax to:

Dana Kelly
National Association of Student Financial Aid Administrators
1101 Connecticut Avenue N.W., Suite 1100
Washington, D.C. 20036-4303
Fax: 202/785-1487



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