

**150%**  
**Direct Subsidized  
Loan Limit**

Zack Goodwin, US Department of Education  
IASFAA Conference, Johnston, IA  
April 6-7, 2017

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**Agenda**

- Direct Subsidized Loan limitation (SULA)
  - Application and impacts
  - Loss of eligibility and/or interest subsidy
  - Special provisions
- Reporting and adjusting Direct Loan data: COD
- Reporting Direct Loan data: NSLDS

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**Application and Impacts**

*Application and Impacts*

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### First-Time Borrowers

- SULA applies only to first-time borrowers as of July 1, 2013
  - Students who have no outstanding balance on a FFEL or Direct Loan when receiving a Direct Loan on or after July 1, 2013




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### Eligibility Loss

- Borrower loses eligibility for additional Direct Subsidized Loans when s/he has received Direct Subsidized Loans for 150% of the length of their current academic program

Generally measured in time, not dollars

- If eligibility is lost, the borrower is still eligible for Direct Unsubsidized Loans




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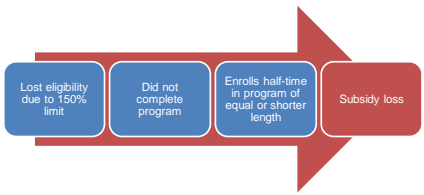
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### Loss of Interest Subsidy



*Based on enrollment, not borrowing, or requesting aid*




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### Loss of eligibility

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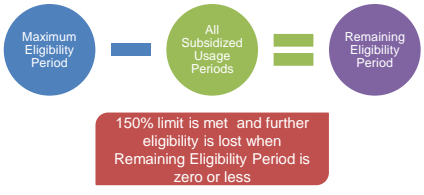
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### When Is Eligibility Lost?



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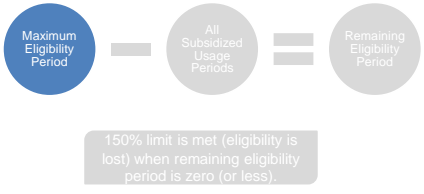
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### Maximum Eligibility Period (MEP)



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### Maximum Eligibility Period

*150% of the published length of borrower's current or upcoming academic program*

- Varies by program
- Multiply published length of program by 1.5
- Measured in academic years or portions
- ED will calculate using school-reported information
- Two exceptions

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### Exception: Bachelor's Completion

- Bachelor's degree completion programs will have a Maximum Eligibility Period of six years
- Only admits students who have completed....
  - Associate degree or
  - Two years of prior undergraduate coursework

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### Exception: Special Admission

- Special admission associate degree programs will have a Maximum Eligibility Period of six years
- Only admits students who have completed...
  - Associate degree or
  - Two years of prior undergraduate coursework

or
- Admits students on a competitive basis to prepare them for a profession requiring licensure (e.g., nursing)

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### Subsidized Usage Period (SUP)



150% limit is met (eligibility is lost) when remaining eligibility period is zero (or less).

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### Subsidized Usage Period

- Period of *time* for which a borrower receives a Direct Subsidized Loan
- Calculated loan-by-loan
- Measured in academic years or portions
- Rounded up/down to nearest tenth of a year
- Includes only periods when Direct Subsidized Loan received
- ED will calculate using school-reported information
- Two exceptions

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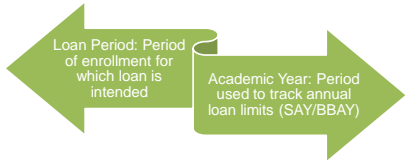
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### Calculating Subsidized Usage Period

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



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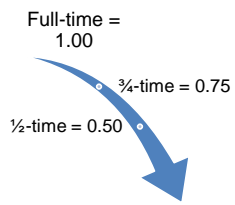
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### Exception: Enrollment Status

- Calculated SUP is prorated by enrollment status
- Proration occurs before rounding



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### Exception: Annual Loan Limit

The only circumstance where dollars are considered is when a student receives a Direct Subsidized Loan in the amount of the annual loan limit for a period shorter than an academic year



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### Determining When Limit Is Met

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



Accounts for Direct Subsidized Loans received for all enrollment in all programs (except teacher certification)

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### Determining When Limit Is Met

What about situations where a student has a Remaining Eligibility Period of less than 1 year?



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### Loss of interest subsidy

Horizontal green bar

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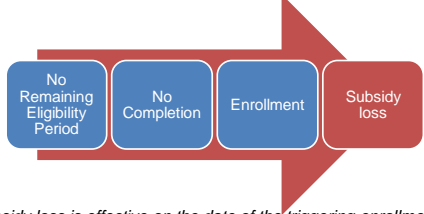
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### Loss of Interest Subsidy



Subsidy loss is effective on the date of the triggering enrollment

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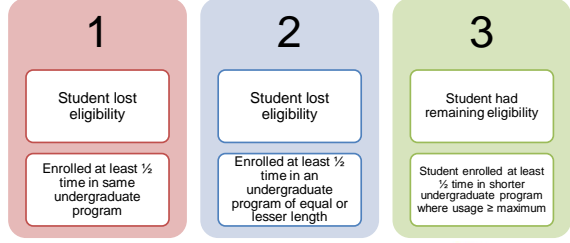
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### Enrollment Types and Subsidy Loss



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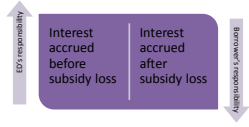
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### Which Interest Is the Borrower's?



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

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### Loss of Subsidy Statistics

The number of borrowers and loan amounts that have lost subsidy by credential level that borrower was working toward when loan was received:

Undergraduate Credential Level	Borrowers	Amount
Certificate	12,466	\$46M
Associate	18,482	\$102.3M
Bachelor	13,912	\$78.9M
Post-Baccalaureate Certificate	62	\$0.32M
Non-Credential Programs	606	\$2.4M

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## Loss of Subsidy Statistics

Total Number of Loans that have Lost Interest Subsidy	Total Number of Borrowers that have Lost Interest Subsidy	Total Number of Schools that have a loan that has Lost Interest Subsidy
121,008	47,196	4,430
* As of 2016-11-18		

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## Special provisions

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## Preparatory Coursework

**For Enrollment in an Undergraduate Program**

- Maximum Eligibility Period is 150% of program for which the coursework is preparing the student
- Subsidized Usage Periods count against maximum eligibility
- Enrolling could result in loss of interest subsidy

**For Enrollment in a Grad/Professional Program**

- Maximum Eligibility Period is 150% of program for which borrower most recently received Direct Subsidized Loan
- Subsidized Usage Periods count against maximum eligibility
- NOT possible to lose interest subsidy by enrolling

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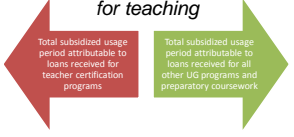
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## Teacher Certification Programs

*Programs that do not lead to a degree or certificate at the institution, but lead to a State credential that is required for teaching*



*Not only does the clock "restart" but the borrower cannot lose interest subsidy by enrolling in teacher certification program*

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## Reporting and Adjusting Data

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## Reporting and Adjusting Data

*Tracking and enforcement of the Subsidized Usage Limit is the responsibility of COD*

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## Academic Year and Loan Period

*Accurate reporting of your academic year and loan period is vital to the accurate calculation of the SUP*

- The academic year is the period used to track annual loan limits
  - School-defined
  - COD Reject Edit Code #046 will trigger when the reported academic year is not at least 26 weeks (170 days) long
- The loan period is the period of enrollment the loan is intended to cover

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## Published Program Length

- Report only one program length element per award
  - Years
  - Months
  - Weeks
- If you report in months or weeks, COD will convert to years
  - Format should be consistent with NSLDS enrollment reporting

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## Common Errors

- Academic years reported...
  - Are not at least 26 weeks in length
  - Match the loan period when the loan is for a single term
- Loan periods...
  - Are not adjusted when required
- Disbursements, but not awards, reduced to zero
  - Correcting Edit #219 will now reduced the award amount to zero

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## Reporting and Adjusting Data

*Determining loss of interest subsidy  
is the responsibility of NSLDS*

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## COD to NSLDS

*COD sends Direct Loan data to NSLDS on a  
daily basis to be used by NSLDS for  
150% calculation purposes*



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## SULA Flag

- Sent to NSLDS by COD and by Federal loan servicers
- Appears in student NSLDS records (and on ISIR)



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## Subsidized Usage Page

- Maximum Eligibility Period
- Subsidized Usage Period
  - Sum SUP
  - Loan-level SUP
- Program-level Enrollment
- Remaining Eligibility Period
- Loss of subsidy information

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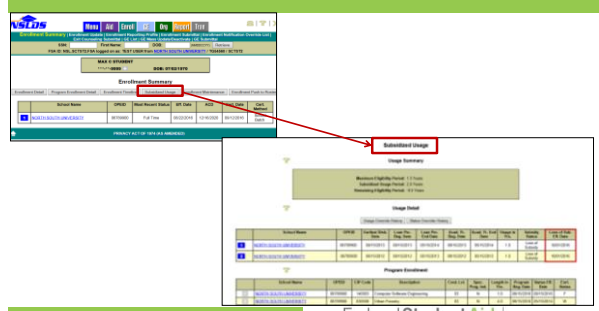
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## Maximum Eligibility Period

- COD calculates based on *disbursement records*
- NSLDS calculates separately using *program-level enrollment reporting information*

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### Remaining Eligibility Period

*NSLDS determines if loss of interest subsidy should occur on a borrower's loan based on the borrower's Remaining Eligibility Period (REP) and the borrower's program-level enrollment status*

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### Loss of Subsidy

- NSLDS distributes subsidy loss data to the federal loan servicers *daily*
- Federal loan servicers apply the loss of subsidy and respond to NSLDS *weekly*
  - Loss data is displayed on NSLDS after the servicer responds
  - Loss data is also sent to the CPS and StudentLoans.gov

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### Example #1

OCT 2014	JAN 2015	APR 2015	JUL 2015	OCT 2015	JAN 2016	APR 2016	JUL 2016	OCT 2016	JAN 2017	APR 2017	JUL 2017
Loan #1 10/01/14 – 06/30/15 SUP = 1			Loan #2 10/01/15 – 06/30/16 SUP = 1			Loan #3 10/01/16 – 06/30/17 SUP = 1					
Program A Full Time 10/01/14 – 12/31/15 Published Program Length = 2 Years Max = 3				Program B Full Time 10/01/15 – 06/30/17 Published Program Length = 2 Years Max = 3							

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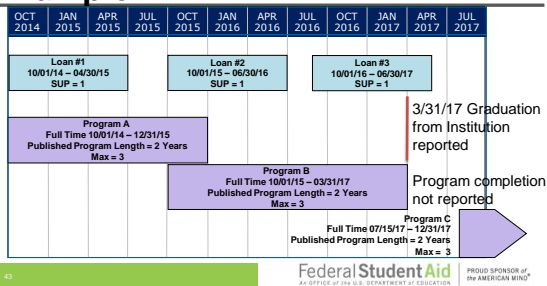
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### Example #2




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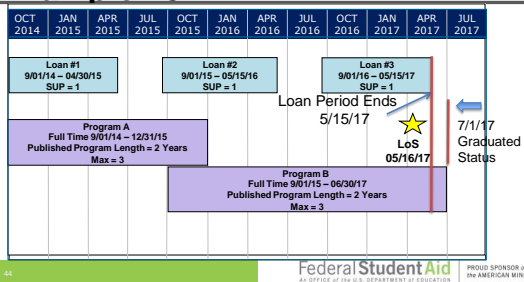
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### Example #3




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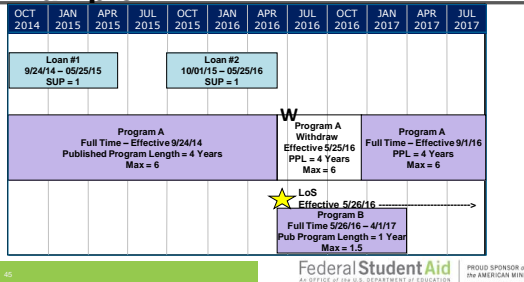
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### Example #4




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## Resources

### SULA – 150% Information Page

- [Federal Registers](#), [Electronic Announcements](#), [webinar recordings](#), [NSLDS Newsletters](#), [COD Technical Reference](#)
- [Q&A: New postings as recently as March 27, 2016](#)
- [Email: 150Percent-Questions@ed.gov](mailto:150Percent-Questions@ed.gov)

### NSLDS enrollment reporting and loss of subsidy

- [NSLDS Enrollment Reporting Guide \(updated fall 2016\)](#)
- [NSLDS Customer Support Team](#)
- [Phone: 800-999-8219](tel:800-999-8219)
- [Email: nsls@ed.gov](mailto:nsls@ed.gov)




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## Thank you!

**Zack Goodwin**  
[zachary.goodwin@ed.gov](mailto:zachary.goodwin@ed.gov)  
 617.289.0051




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## ED Contacts

### Research and Customer Care Center

800.433.7327  
[fsa.customer.support@ed.gov](mailto:fsa.customer.support@ed.gov)



### Reach FSA

855.FSA.4FAA -- 1 number to reach 10 contact centers!

- |                                 |   |
|---------------------------------|---|
| <i>Campus-Based Call Center</i> | <i>eZ-Audit</i>                                     |
| <i>COD</i>                      | <i>School Eligibility Service Group</i>             |
| <i>CPS/SAIG</i>                 | <i>Foreign Schools Participation Division</i>       |
| <i>NSLDS</i>                    | <i>Research and Customer Care Center</i>            |
| <i>G5</i>                       | <i>Nelnet Total &amp; Permanent Disability Team</i> |




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## We Appreciate Your Feedback

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

<https://www.surveymonkey.com/r/ZacharyGoodwin>

This evaluation tool provides a means to inform us of areas for improvement, and to support an effective process for listening to our customers.

Additional feedback about training can be directed to [joann.borel@ed.gov](mailto:joann.borel@ed.gov).

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## Q&A Updates



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