



Overview of 150% Direct Subsidized Loan Limit

David A. Bartlett
U.S. Department of Education
Training Officer


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First-time borrower and consequences

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First-Time Borrower

- Applies only to first-time borrowers as of July 1, 2013:
 - Student who has no outstanding balance on a FFEL or Direct Loan when receiving a Direct Loan on or after July 1, 2013


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Consequence: Eligibility Loss

Borrower loses eligibility for additional Direct Subsidized Loans when borrower has received Direct Subsidized Loans for 150% of their current academic program.

Generally measured in time, not dollars.

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Consequence: Interest Subsidy Loss

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

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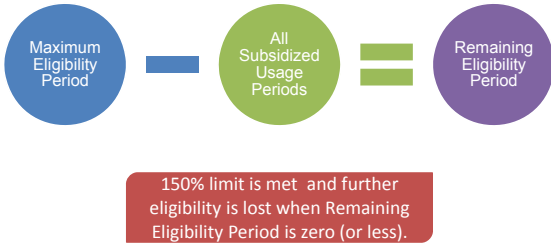
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Loss of Eligibility

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Determining When Eligibility is Lost

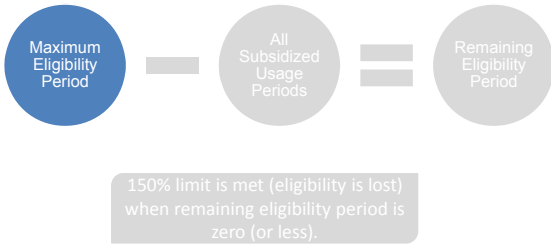


Maximum Eligibility Period — All Subsidized Usage Periods = Remaining Eligibility Period

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

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Maximum Eligibility Period



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

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

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Maximum Eligibility Period

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

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Converting Months/Weeks To Years

- If program is reported in months or weeks, ED will convert to years

$$\text{Program Length}_{\text{years}} = \frac{\text{Number of Days in Program}}{\text{Number of Days in Title IV Academic Year}}$$

- Month = 30 days
- Week = 7 days

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Exception 1: Bachelor's Completion

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

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Exception 2: Special Admission


- Special admission associate degree programs will have a Maximum Eligibility Period of six years
- Definition:
 - Only admits students who have completed
 - Associate degree or
 - Two years of prior undergraduate coursework
 - Admits students on a competitive basis (i.e., no open enrollment)
 - Prepares students for occupation requiring licensure from state
- Example: Nursing program

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Subsidized Usage Period



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

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

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Subsidized Usage Period

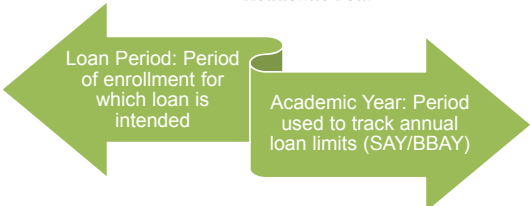
- A Subsidized Usage Period is the period of time for which a borrower receives a Direct Subsidized Loan
 - Calculated loan-by-loan
 - Measured in academic years or portions
 - Rounded up/down to nearest tenth of a year
 - Includes only periods when Direct Subsidized Loan received
 - ED will calculate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

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Subsidized Usage Period

$$SUP = \frac{\text{Loan Period}}{\text{Academic Year}}$$


Loan Period: Period of enrollment for which loan is intended

Academic Year: Period used to track annual loan limits (SAY/BBAY)

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Exception 1: Enrollment Status

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

Full-time = 1.00
 $\frac{3}{4}$ -time = 0.75
 $\frac{1}{2}$ -time = 0.50
 Prorate Subsidized Usage Period based on enrollment status.

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Exception 2: Annual Loan Limit

- Only circumstance where dollars are considered is when a student receives a Direct Subsidized Loan in the amount of the annual loan limit

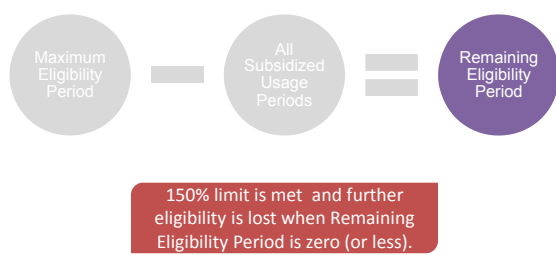
Borrow full annual loan limit + Received for less than 1 AY = Subsidized Usage Period = 1

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Determining When Limit Is Met



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

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

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Remaining Eligibility Period

- How much eligibility a borrower has left under the 150% limit
 - Accounts for Direct Subsidized Loans received for all enrollment in all programs (except teacher certification programs)
 - Eligibility lost when remaining eligibility is zero or less
 - ED will calculate using school-reported information

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Loss of Interest Subsidy

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Loss of Interest Subsidy

Subsidy loss is effective on the date of the triggering enrollment.

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Enrollment Types & Subsidy Loss

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

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Periods of Interest Subsidy

Borrower with interest subsidy

In-school → Grace → Std. Repay → Defer. → Forbear. → IBR & PAYE

Borrower who lost interest subsidy

In-school → Grace → Std. Repay → Defer. → Forbear. → IBR & PAYE

Subsidized
Unsubsidized

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Which interest is the borrower's?

↑ ED's responsibility ↓

Interest accrued before subsidy loss | Interest accrued after subsidy loss

↓ Borrower's responsibility ↑

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

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Example 1

Student received 6 years of Subsidized Loans while enrolled in a 4-year BA program. Student does not complete at the end of the 6th year, and enrolls for a 7th year.

Maximum Eligibility Period	6 Years
All Subsidized Usage Periods	6 Years
Remaining Eligibility Period	0 Years
Subsidy Loss	Yes, enrolled with no remaining eligibility and without completing

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Example 2

Student received 3 years of Subsidized Loans in a 2-year program. After completing 3rd year but not completing the program, student transfers into a 4-year program.

	End of year 3 of 2-year program	Upon transfer to 4-year program
Maximum Eligibility Period	3 Years	6 Years
All Subsidized Usage Periods	3 Years	3 Years
Remaining Eligibility Period	0 Years	3 Years
Subsidy Loss	No, borrower has not re-enrolled.	No, borrower has remaining eligibility.

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Example 3

Student is enrolled in a 2-year program and received 3 years of Subsidized Loans for enrollment in that program. Student enrolls for one more semester in the 2-year program, and then transfers to a 4-year program.

	Before transfer to 4-year program	Upon transfer to 4-year program
Maximum Eligibility Period	3 Years	6 Years
All Subsidized Usage Periods	3 Years	3 Years
Remaining Eligibility Period	0 Years	3 Years
Subsidy Loss	Yes, borrower enrolled after eligibility loss.	No, borrower enrolled in a longer program.

- Student regains eligibility for Subsidized Loans upon transfer.
- Any new Subsidized Loans will have interest subsidy.
- Prior Subsidized Loans that lost subsidy do not regain subsidy.

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Example 4

Student received 5 years of Subsidized Loans while enrolled in a 4-year BA program. The student completes the program and then enrolls in a 2-year AA program.

	End of year 5 of 4-year program	Upon transfer to 2-year program
Maximum Eligibility Period	6 Years	3 Years
All Subsidized Usage Periods	5 Years	5 Years
Remaining Eligibility Period	1 Year	-2 Years
Subsidy Loss	No, borrower has remaining eligibility.	No, borrower graduated from prior program on time.

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Example 5

Student received 5 full years of Direct Subsidized Loans while enrolled in a 4-year BA program. The student does not complete the program and then enrolls in a 2-year AA program.

	End of year 5 of 4-year program	Upon transfer to 2-year program
Maximum Eligibility Period	6 Years	3 Years
All Subsidized Usage Periods	5 Years	5 Years
Remaining Eligibility Period	1 Year	-2 Years
Subsidy Loss	No, borrower has remaining eligibility.	Yes, transfer caused borrower to exceed max. eligibility.

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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 coursework is preparing for.
- 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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Teacher Certification

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

Total subsidized usage period attributable to loans received for teacher certification programs

Total subsidized usage period attributable to loans received for all other UG programs and preparatory coursework

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Reporting & Maximum Eligibility Period

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Program Length

GE Program

• Report what is in GE disclosure

All others

• Report what is on website, in catalog, or other promotional materials
 • School determines length to report using definition of "normal time"

"Normal time"

• Amount of calendar time program is designed to take a full-time student
 • 4 years for typical bachelor's degree program
 • 2 years for typical associate degree program

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Title IV Academic Year

- Only required for programs in weeks/months or preparatory coursework (grad.)
- Title IV Academic Year – 34 CFR 668.3:
 - Minimum of 26 weeks of instructional time for clock hour programs
 - Minimum of 30 weeks of instructional time for credit hour programs
- Report *your* definition, not the minimums

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Credential Level

Description	COD	NSLDS
Undergraduate certificate	1	01
Associate degree	2	02
Bachelor's degree	3	03
Post-baccalaureate certificate	4	04
Master's degree	5	05
Doctoral degree	6	06
Professional degree	7	07
Graduate/professional certificate	8	08
Non-credential coursework	99	99

Difference between 4 and 8 is that 4 is undergraduate and 8 is graduate.

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Reporting & Subsidized Usage Period

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Basics


Loan period

- Payment periods for which student received and kept DL funds
- Keep:
 - If student withdraws and keeps even \$1 of loan disbursement for PP
 - If student cancels portion of disbursement but keeps at least \$1

Academic year

- Dates tied to how school tracks annual loan limits
- Single-term AY is **never** correct
- SAY, BBAY1, BBAY2, BBAY3
- For SAY schools:
 - If summer is a "required", always include summer
 - If summer is not "required", only include summer if student attends, receives, and keeps loan

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Minimum Loan Periods

- For credit hour, standard-term or non-standard term SE9W programs, minimum loan period is the term
- For clock hour, non-term or non-standard term NSE9W programs, minimum loan period is the lesser of:
 - The length of the program
 - The remaining portion of the program
 - The academic year

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Overlapping Academic Years

- If student transfers into your school and an academic year reported by prior school has not elapsed:
 - For credit hour programs using standard terms or non-standard terms but that are SE9W, report your own academic year and ignore prior school's
 - For non-term or clock hour programs, use prior school's academic year dates

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Enrollment Status

- Report enrollment status as it stood on the date that you made the first disbursement of the loan for the payment period
 - Subsequent disbursements within payment period may either use:
 - Enrollment status from first disbursement for payment period or
 - Enrollment status as of the date of the disbursement
- To COD, non-term or clock hour programs always report full-time

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Loan Amount & Loan Limit Exception

- Annual loan limit exception is driven off of:
 - Loan amount
 - Grade level
 - Loan period
 - Academic year
- If loan amount is equal to annual loan limit for grade level and loan period is less than academic year, subsidized usage period = 1
- The total amount disbursed is not used

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Other Reporting Rules

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Reporting Special Programs

Special Admission Associate Degree Programs

SPI • A

Program Length • 4 years

Bachelor's Degree Completion program

SPI • B

Program Length • 4 years

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Special Program Indicator

Description	COD	NSLDS
Special Admission Associate Degree Program	A	A
Bachelor's Degree Completion Program	B	B
Not Applicable	N	N
Preparatory Coursework Graduate Professional Program	P	P
Non-Credential Teacher Certification Program	T	T
Preparatory Coursework Undergraduate Program	U	U

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Reporting Special Programs

Preparatory Coursework required for admission to graduate/professional program:

Field	COD	NSLDS
CIP Code	Of program requiring coursework	Of program requiring coursework
Credential level	99	99
Published Program Length	N/A	Length of program requiring coursework
Title IV Academic Year	Always; report your school's definition	If program length is in weeks/months; report your school's definition
Special Program Indicator	P	P

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Reporting Special Programs

Preparatory Coursework required for admission to undergraduate program:

Field	COD	NSLDS
CIP Code	Of program requiring coursework	Of program requiring coursework
Credential level	99	99
Published Program Length	Length of program requiring coursework	Length of program requiring coursework
Title IV Academic Year	If program length is in weeks/months	If program length is in weeks/months
Special Program Indicator	U	U

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150% Calculator

- We built a 150% calculator on the COD website.
- It allows you to:
 - Model changes to existing loans,
 - Model the effect of zeroing out an existing loan, and
 - Model the effect of adding a fictitious loan to the student's borrowing history
- It uses the same logic as the actual calculations that COD performs
- It allows you to modify a student's actual loan information on COD

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QUESTIONS?

- E-mail: 150Percent-Questions@ed.gov
- Subject: Include organizational affiliation




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Department of Education Contacts

Research and Customer Care Center
 800.433.7327
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</i>
<i>Division</i>	
<i>NSLDS</i>	<i>Research and Customer</i>
<i>Care Center</i>	
<i>G5</i>	<i>Nelnet Total & Permanent</i>
	<i>Disability</i>

Team

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My Contact Information:

David Bartlett
 Federal Training Officer
david.bartlett@ed.gov
 816-268-0434



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Training Feedback

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

- Go to <http://s.zoomerang.com/s/DavidBartlett>
Evaluation form is specific to Trainer Name
- This feedback tool will provide a means to educate and inform areas for improvement and support an effective process for “listening” to our customers
- Additional feedback about training can be directed to JoAnn.Borel@ed.gov; 409-579-3776

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