Subsidized Usage Limit Applies (SULA/150%)

SUNYFAP
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Robert A. Berry
U.S. Department of Education
Federal Loan School Support Team
Agenda

• SULA Refresher – 150% Fundamentals
• Loan Period & Academic Year Reporting
• Edits
• COD Release 14.0 (March 2015)
  o Calculator
  o Inquiry/Issue Dispute Process
• Resources
150% (SULA) Fundamentals

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

- **SULA:** Subsidized Usage Limit Applies
- **First-time borrower:** Any borrower who had no balance on a DL/FFEL on 7/1/2013 or afterwards at the time they obtain a loan
- **Maximum Eligibility Period (MEP):** Set at 150% the published length of the program the borrower is enrolled in
- **Subsidized Usage Period (SUP):** The loan’s subsidized usage, which is basically length of loan period divided by length of academic year
- **Remaining Eligibility Period (REP):** The borrower’s remaining eligibility for subsidized loans:

\[ \text{MEP} - \sum \text{SUPs} = \text{REP} \]
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.

**Example A**

- Student has never borrowed before
- Student enrolls in August 2013
- Student receives a Direct Loan
- Student is a first-time borrower

**Example B**

- Student received FFEL and Direct Loans prior to July 1, 2013
- Student pays off all FFEL and Direct Loans in 2015
- Student enrolls in 2017
- Student receives a new Direct Loan in 2017
- Student is a first-time borrower
Determining When Eligibility is Lost

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

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

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

- Generally measured in time, not dollars.

- If eligibility is lost, borrower still eligible for Direct Unsubsidized Loans.
Consequence: Interest Subsidy Loss

Lost eligibility due to 150% limit

Did not complete program

Enrolls in program of equal or shorter length

Subsidy loss

Based on enrollment, not borrowing, or requesting aid.
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
Loan Periods & Academic Years

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

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

Your academic year is school-defined

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

Why is this significant for SULA?

- We’re seeing loans with AY’s that are too short, even some less than half that
  1. Since SUP = LP/AY ... calculations are too high
  2. Plus, are these schools also awarding new annual loan limits too soon?
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
Overlapping Academic Years

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

1. 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
2. For non-term or clock-hour programs, use prior school’s academic year dates
Example 1

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

8/25/2014 - 12/17/2014
8/25/2014 - 5/10/2015

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

1/5/2015 - 5/15/2015
1/5/2015 - 8/21/2015

After SAY from prior school ends, student can receive another $1,750 before the end of the BBAY. Though the $1,750 from School A not longer counts, the first $1,750 from School B counts.
Example 2

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

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

After SAY from prior school ends, student progresses to next annual loan limit.
The Loan Period/Academic Year Fraction

Subsidized Usage Period (SUP) =

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

….. if too high SUP is too high

….. if too low SUP is too high
Loan Period Reporting

Example, why updating the loan period matters ...

Fall term: 9/10/2014 – 12/10/2014
Spring term: 1/10/2015 – 5/10/2015

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

Borrower gets fall but ends up not returning in the spring

- School correctly updates the LP to fall-only
- SUP = 91 days/242 days = 0.4 Years
Updating Unused Loans

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

COD processing rules:

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

What does this mean?

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

Exception to straight calculation of $SUP = \frac{LP}{AY}$

- If borrower receives full annual loan limit for grade level
- And loan period < academic year
- A $SUP$ of 1.0 years will be calculated regardless of the actual $LP/AY$ fraction
- Applies to standard-term programs and non-standard term programs that are substantially equal and each at least nine weeks in length
Annual Loan Limit Exception - Example

- Loan originated with 2 anticipated disbursements
  - Loan amount: $3500
  - LP = AY: 9/10/2014 – 5/10/2015 ... SUP = 1.0 years
  - Fall disb made, student withdraws before spring disb
  - School correctly updates LP per GEN-13-13
  - LP = 9/10 – 12/10, AY = 9/10 – 5/10 ... SUP = 1.0 years still!
  - *Why?* ... the annual loan limit exception was triggered

- **Solution:** zero out the unused spring disbursement and reduce the loan amount to cover just the fall disbursement
# SULA-Related Edits

<table>
<thead>
<tr>
<th>Reject Code</th>
<th>Trigger</th>
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<tbody>
<tr>
<td>Reject 050</td>
<td>Disbursement Date Outside Allowable Window</td>
</tr>
<tr>
<td>Reject 204*</td>
<td>Incorrect Program CIP Code Submitted</td>
</tr>
<tr>
<td>Reject 205*</td>
<td>Payment Period Start Date (PPSD) is outside the Loan Period</td>
</tr>
<tr>
<td>Reject 206*</td>
<td>Remaining Subsidized Eligibility is less than zero for this award</td>
</tr>
</tbody>
</table>

*Electronic Announcement posted 10/31/2014*
Reject Edit 050

Disbursement Date Outside Allowable Window – Update

- Disbursement must be no earlier than 10 days before the loan period start
- Disbursement must be no later than 180 days after the loan period end

Issue prior to COD Release 14.0 in March:

- Schools were hitting this reject after zeroing out an actual disbursement and updating the loan period to remove term/payment period per DCL GEN-13-13
- Temporary workaround was needed

Solution/fix in COD Release 14.0 in March:

- COD will ignore actual disbursements reduced to $0
Reject Edit 205

Payment Period Start Date is Outside the Award Begin and End dates

Per GEN-13-13 schools are required to shorten the LP to exclude terms/payment periods where no disbursement is made (or one was made but later zeroed out)

Issue prior to COD Release 14.0 in March:

- Each term/payment period has its own PPSD and when the LP was shortened and “orphaned” a PPSD – Edit-205 fired
- Temporary workaround was needed

Solution/fix in COD Release 14.0 in March:

- COD will relax the edit as long as the disbursement = $0
Reject Edit 206

Remaining Subsidized Eligibility is less than zero for this award
• You’ve sent a Subsidized loan to COD and it came back rejected with Edit 206

• Of course, everything could be reported optimally and the borrower simply has insufficient SULA eligibility so ... award unsubsidized
• Check the reporting of this rejected loan and make updates if necessary
• Confirm that prior loans already on the COD system were reported and updated correctly
Reject Edit 206 - Continued

• Has this loan been reported so the borrower can receive the maximum amount of subsidized funds for which they are eligible?

  Maximum Eligibility - $\sum SUPs = \text{Remaining Eligibility}$
  Subsidized Usage Period = LP/AY

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

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

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

If the previous loan is from a now closed school – we’re working on it.
New SULA Loss Dispute/Inquiry

- Implemented in COD Release 14.0
- On the COD website
- Forward to FSA’s attention when SULA particulars need correcting on a loan and the former school can’t do so
  - Intended for closed-school loans
- By far the most efficient means of getting former loans corrected is by a courtesy call directly from financial aid office to financial aid office
New SULA Calculator

- Implemented in COD Release 14.0
- On the COD website
- Allows you to plug in subsidized loan values either for loans already on the system or new loans you are going to send
- Won’t create/build/change any loans – it’s just a calculator to help you see if a loan can make it through when remaining eligibility is in question
- Won’t need to keep sending the loan, getting it rejected
- Optional use
SULA: Inquiry and Calculator

Test site fake data used
SULA Calculator

Return to: Subsidized Usage Calculator
Update Award Simulation

Award Information

<table>
<thead>
<tr>
<th>Award Year</th>
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<tbody>
<tr>
<td>Award Amount</td>
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<tr>
<td>Special Programs</td>
<td>Selective Admission Associate Degree Program</td>
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<td>Published Program Length</td>
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<tr>
<td>Weeks Programs Academic Year</td>
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<td>Award Start Date</td>
<td>Jul 01 2014</td>
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<tr>
<td>Award End Date</td>
<td>Jul 01 2015</td>
</tr>
<tr>
<td>Academic Start Date</td>
<td>Jul 01 2014</td>
</tr>
<tr>
<td>Academic End Date</td>
<td>Jul 01 2015</td>
</tr>
<tr>
<td>College Year</td>
<td>1st year, undergraduate/never attended college</td>
</tr>
</tbody>
</table>

Disbursement 1

Remove
Calculator – *no impact on COD live data*

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

Removing existing loans from the calculator does not remove them from the COD database.
Calculator – *can save you from a Reject-206*
SULA Information - *Responses*

SULA usage communicated in two response types:

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

System-generated response: CRSU
Person, Award, or Disbursement level
SULA Information - Web Pages

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

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

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

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

COD website
Person Tab

Subsidized Eligibility Search

SULA
- MEP
- SUP
- REP
SULA Request Page

COD website/ Batch Tab/ SULA Request
COD will generate a CRSU and send to TG Mailbox
Direct Subsidized Loan Usage Change Report

• Displays Subsidized loans for a borrower when there is a change to SULA calculated values
• Generated weekly on borrowers who have changes to:
  • Maximum Subsidized Eligibility Period
  • Actual (or Anticipated) Subsidized Usage Period
  • Actual (or Anticipated) Non-Credential Teacher Certification Subsidized Usage Period
• COD Newsbox
• CSV format

COD Technical Reference, Volume 6, Section 8
SULA Resources

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

150%/SULA Regulations & Processing
• Federal Registers, Electronic Announcements, Webinar recordings, NSLDS Newsletters, COD Technical Reference
• E-Mail: 150Percent-Questions@ed.gov
## SULA – Dear Colleague Letters and Electronic Announcements

<table>
<thead>
<tr>
<th>Date</th>
<th>Type</th>
<th>Impact</th>
<th>Topic</th>
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<tbody>
<tr>
<td>5/10/2013</td>
<td>DCL</td>
<td>COD</td>
<td>Reporting Academic Years and Loan Periods</td>
</tr>
<tr>
<td>5/16/2013</td>
<td>EA#1</td>
<td>COD</td>
<td>Interim Final Regulations</td>
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<td>6/20/2013</td>
<td>EA#2</td>
<td>COD</td>
<td>Begin identifying first-time borrowers</td>
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<td>8/30/2013</td>
<td>EA#3</td>
<td>COD</td>
<td>2013/2014 loan enrollment status proration</td>
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<td>10/25/2013</td>
<td>EA#4</td>
<td>COD</td>
<td>Tracking teacher certif. programs in 13/14</td>
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<td>11/12/2013</td>
<td>EA#5</td>
<td>COD</td>
<td>School SUP calcs of short 13/14 programs</td>
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<td>11/25/2013</td>
<td>EA#6</td>
<td>NSLDS</td>
<td>Draft reporting file layouts</td>
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<td>EA#7</td>
<td>COD</td>
<td>IFAP info page and FAQs established</td>
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<td>1/17/2014</td>
<td>EA#8</td>
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### SULA DCL’s and EA’s – cont’d

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<tr>
<td>3/10/2014</td>
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<td>COD</td>
<td>Worksheet for short-term program calcs</td>
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<td>4/11/2014</td>
<td>EA#13</td>
<td>NSLDS</td>
<td>SUP data and additional web functions added</td>
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<td>7/23/2014</td>
<td>EA</td>
<td>NSLDS</td>
<td>New Enrollment Spreadsheet Submittal format</td>
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<td>8/29/2014</td>
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<td>9/26/2014</td>
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<td>10/31/2014</td>
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<td>Edits 204, 205 and 206</td>
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<td>11/21/2014</td>
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<td>First-Time Borrowers</td>
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<td>Maximum Eligibility Period</td>
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<tr>
<td>Academic Year and Loan Period Reporting</td>
<td>AYLP</td>
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School Contact Information at COD

• Contact information is too often outdated and inaccurate
• We don’t know who to contact when we see a problem developing
  o COD outreach
  o FSA efforts to be proactive
• Financial Aid Administrator, CFO, President
  o Update E-App in eligcert.ed.gov
• Direct Loan and Pell contacts
  o Update directly on the COD website
Contact Information

Bob Berry
Federal Student Aid
Philadelphia, PA
202-384-4869
Robert.Berry@ed.gov
QUESTIONS?

... thank you!