



BBAY Drift: Mastering the Turns of Borrower-Based Loans

Chad Olson, FAAC - Director, Iowa State University

Sara Sroka, FAAC - Director, University of Dubuque

1

Today's Agenda

- SAY vs BBAY - what's the difference?
- Who is eligible to use BBAY?
- Why should I consider using BBAY?
- Drawbacks to using BBAY



2

SAY - Scheduled Academic Year

Federal Student Aid
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

SCHEDULED ACADEMIC YEAR (SAY)



BASICS

Includes terms in the school's defined academic year

Fixed; begins and ends same time each year

Meets regulatory requirement for academic year



SUMMER

Summer not usually included in SAY

Summer is header or trailer to SAY



PROGRAMS

SAY usually only for standard term programs

May also use for nonstandard SE9W (Substantially Equal 9 Weeks) term programs



TIMING

Cannot award new annual loan until SAY has elapsed

*Basics of Determining Academic Calendars;
FSA Webinar Series*



3

BBAY - Borrower-Based Academic Year

Federal Student Aid
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

BORROWER-BASED ACADEMIC YEAR 1 (BBAY1)

WHAT?

No fixed beginning and ending dates for all students

"Floats" with student's attendance and progression

WHO?

Standard term and SE9W nonstandard term programs may use a BBAY1

WHY?

Allows for some flexibility based on student enrollment patterns

May allow student to receive another loan sooner than with an SAY

HOW?

BBAY must include same number of terms as SAY

*Basics of Determining Academic Calendars;
FSA Webinar Series*



4

BBAY - Borrower-Based Academic Year

BORROWER-BASED ACADEMIC YEAR 2 (BBAY2)

Federal Student Aid
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

Must use BBAY2 for credit hour programs that do **not** have an SAY but are using standard terms or SE9W terms

Example

Soler Academy uses 15-week semesters where a new cohort of students begins the program each month, and a 15-week semester begins at that time for that cohort of students.

First BBAY 2	Second BBAY 2	Third BBAY 2
Semester 1 + Semester 2	Semester 3 + Semester 4 (not enrolled)	Semester 5 + Semester 6

*Basics of Determining Academic Calendars;
FSA Webinar Series*



5

BBAY - Borrower-Based Academic Year

BORROWER-BASED ACADEMIC YEAR 3 (BBAY3)

Federal Student Aid
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

WHO MUST USE BBAY3?

- All clock hour programs
- All non-term credit hour programs
- Non-SE9W nonstandard term programs
- Begins when student enrolls; ends when student has successfully completed both the hours and weeks of instructional time in the academic year



*Basics of Determining Academic Calendars;
FSA Webinar Series*



6

When can I use BBAY?

- A school can use BBAY for
 - All students
 - Certain students
 - Certain programs
- May alternate SAY and BBAY for student if no overlap of academic years



7

Can an institution use BBAY & SAY at the same time?

- YES!
- A school may use BBAY for all students, students enrolled in certain programs or on a student-by-student basis. Students may alternate between BBAY and SAY during their academic career. The institution must ensure that the academic years do not overlap.



8

Why would you choose to use a Borrower Based Academic Year?

- Immediate eligibility for transfer students
- Flexibility for students who enroll in summer
 - May borrow federal loans before private loans
- Increased enrollment for summer sessions
 - Increases access to higher education
- Accelerated degree completion



9

Term:

- Period in which all courses scheduled to begin and end
- Can be standard or nonstandard
- Semester or quarter
- Payment period



10

Direct loans

Flexibility with SAY or BBAY1
May originate single-term loan



11

Summer term

Trailer vs Header

Summer is generally not part of SAY
• BBAY1


Treat summer term that includes July 1 as crossover payment period



12

Summer term

Header	Trailer	Header	Trailer
Fall 2019 \$2750	Spring 2020 \$2750	Summer 2020 \$3250	Fall 2020 \$3250
SAY 08/26/2019-05/08/2020		BBAY 05/18/2020-12/18/2020	
Header	Trailer	Header	Trailer
Spring 2021 \$3750	Summer 2021 Not enrolled	Fall 2021 \$3750	Spring 2022 \$3750
BBAY 01/11/2021-08/06/2021		SAY 08/23/2021-05/06/2022	



13


Summer term

Must offer Title IV aid if eligible

Direct loans

- Academic year is SAY or BBAY1
- Loan period (term) is the single term for summer in BBAY1

SAY	Academic Year: <input type="text" value="8/21/2024"/> <input type="button" value="↕"/> Loan Period: <input type="text" value="8/21/2024"/> <input type="button" value="↕"/>	To: <input type="text" value="4/24/2025"/> <input type="button" value="↕"/> To: <input type="text" value="4/24/2025"/> <input type="button" value="↕"/>
BBAY1	Academic Year: <input type="text" value="1/6/2025"/> <input type="button" value="↕"/> Loan Period: <input type="text" value="1/6/2025"/> <input type="button" value="↕"/>	To: <input type="text" value="8/14/2025"/> <input type="button" value="↕"/> To: <input type="text" value="4/24/2025"/> <input type="button" value="↕"/>



14

Summer Term

Federal Pell Grant

- *Either previous award year SAI or upcoming award year SAI may be used to award Title IV aid for summer*

Pre - 2024-25:

- 9 month EFC calculated for 3 month

2024-25 and beyond:

- SAI is not recalculated for periods other than nine months



15

Summer Term

Credits	Per credit	Direct Cost	COA Budget	
6	\$430	\$2,580		
			Tuition	\$2,580
			Room & Board	\$3,968
			Books	\$312
			Misc	\$213
			Transportation	\$268
			Loan fees	\$46
			Total Budget	\$7,387
			Less SAI	\$324
			Other Financial Aid	\$3,072 <i>summer pell</i>
			Financial Need	\$3,991

Subsidized can be up to
\$3,991



16

Summer Term

Credits	Per credit	Direct Cost	COA Budget	
8	\$430	\$3,440		Tuition \$3,440
				Room & Board \$3,968
				Books \$312
				Misc \$425
				Transportation \$268
				Loan fees \$46
				Total Budget \$8,459
				Less SAI \$15,440
				Other Financial Aid \$0 <i>summer pell</i>
				Financial Need -\$6,981

Not eligible for Subsidized



17

Drawbacks to Borrower Based Academic Year

- Very manual and time consuming process
- Students may borrow too much and/or hit their aggregate limit sooner
- Single Term Loans and SAI



18

Drawbacks to Borrower Based Academic Year - Single Term Loans and SAI

Single Term Loans and EFC

- Prior to FAFSA Simplification
- FA Administrators could prorate the EFC for periods of enrollment less than 9 months
- 9 month EFC = 3,000
- 3 month EFC = 1,200
- Sometimes students enrolled in summer courses would have financial need when they did not in traditional fall or spring semesters

Single Term Loans and SAI

- After FAFSA Simplification
- FA Administrators can no longer prorate the SAI for periods of enrollment less than 9 months
- 9 month SAI = 3,000
- It is against statute to adjust a SAI for less than 9 months of enrollment
- You must apply the entire SAI to the student's cost of attendance to determine their financial need for one semester if awarding single term loans



19

Drawbacks to Borrower Based Academic Year - Single Term Loans and SAI

- Can your FAM package loans across award years?
- May need to switch from trailer to header award year
- Full SAI must apply to student's COA to determine need if a single term loan - cannot prorate!



20



Questions?