

BBAY Drift: Mastering the Turns of Borrower-Based Loans

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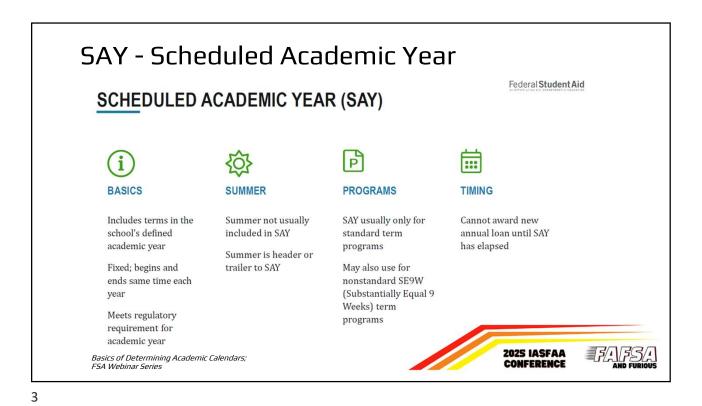
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1

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





BBAY - Borrower-Based Academic Year Federal Student Aid **BORROWER-BASED ACADEMIC YEAR 1 (BBAY1)** WHAT? WHO? WHY? HOW? No fixed beginning Standard term and Allows for some BBAY must include and ending dates SE9W nonstandard flexibility based on same number of for all students student enrollment terms as SAY term programs may use a BBAY1 patterns "Floats" with student's May allow student attendance and to receive another loan sooner than progression with an SAY 2025 IASFAA Basics of Determining Academic Calendars; FSA Webinar Series

BBAY - Borrower-Based Academic Year

Federal Student Aid

BORROWER-BASED ACADEMIC YEAR 2 (BBAY2)

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

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

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.



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



Direct loans

Flexibility with SAY or BBAY1 May originate single-term loan



11

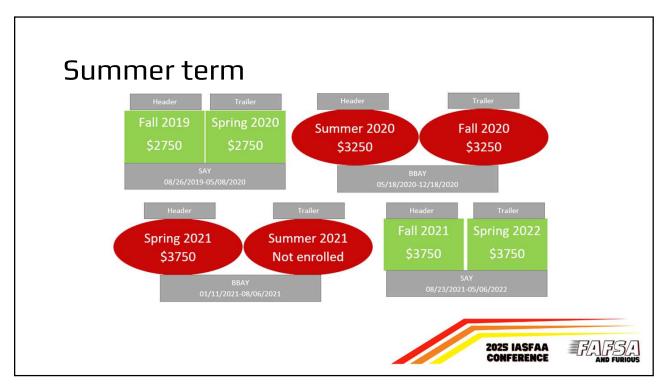
Summer term

Trailer vs Header

Summer is generally not part of SAY
• BBAY1

Treat summer term that includes July 1 as crossover payment period





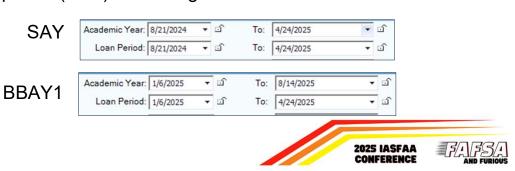
13

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



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	T	uition		\$2,580	
			R	Room & Board		\$3,968	
			В	ooks		\$312	
			M	lisc		\$213	
			T	Transportation		\$268	
			L	oan fee	s	\$46	
			Te	otal Bud	lget	\$7,387	
			L	ess SAI		\$324	
			0	ther Fin	nancial Aid	\$3,072	summer pell
			F	inancial	Need	\$3,991	

Subsidized can be up to \$3,991



Summer Term

Credits	Per credit	Direct Cost	COA Budget		
8	\$430	\$3,440	Tuition	\$3,440	
			Room & Boar	d \$3,968	
			Books	\$312	
			Misc	\$425	
			Transportation	n \$268	
			Loan fees	\$46	
			Total Budget	\$8,459	
			Less SAI	\$15,440	
			Other Financi	al Aid \$0	summer pell
			Financial Nee	d -S6 981	

Not eligible for Subsidized



17

Drawbacks to Borrower Based Academic Year

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



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 <u>can no longer</u> 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 <u>entire</u> 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!



