Subsidized Usage Limit Applies (SULA): Part 1 ~ Basic Concepts

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Agenda

- **SULA Requirements Overview**
- **Common Origination & Disbursement (COD) Reporting**
  - *Misunderstandings & Misreporting*
  - *Remaining eligibility less than 1.0 year*
  - *Closing out the award year*
- *National Student Loan Data System* **(NSLDS®) Reporting**
  - *Loss of subsidy*
- **Resources**

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SULA Requirements Overview

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

MEP - sum SUP = REP

A time limitation, not dollar amount limit

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Maximum Eligibility Period

- Maximum Eligibility Period (**MEP**) – 150% of the published program length
  - schools report the published program length
  - COD and NSLDS will then calculate the MEP

Maximum Eligibility Period

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Published Program Length

- COD and NSLDS first convert the length to years if not already reported that way
  - reported in years: we use what you report
  - reported in months: converted to years
  - reported in weeks: converted to years

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Converting to Years

Conversion Formulas
- **PPLY** = (PPLM X 30) ÷ (WPAY X 7)
- **PPLY** = PPLW ÷ WPAY

Legend
- **PPLY**: Published Program Length in Years
- **PPLM**: Published Program Length in Months
- **PPLW**: Published Program Length in Weeks
- **WPAY**: Weeks Programs Academic Year
- **COD:** Common Origination & Disbursement
- **NSLDS:** National Student Loan Data System

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Subsidized Usage Period

- Subsidized Usage Period (**SUP**) – the amount of subsidized eligibility a loan uses
- COD follows these steps, in order, to calculate a SUP:

  1. SUP = length of loan period ÷ length of academic year
  2. *Loan limit exception:* if loan amount is at the annual limit ignore the SUP from above and set it to 1.0 year
  3. *Enrollment exception:* if enrollment is three quarters time or half-time multiply SUP by .75 or .5, respectively

Important

Subsidized Usage Period

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Other Impacts on the SUP

- Overlapping loan periods - COD counts loan period days only once and will allocate overlapping days evenly across loans
- Full disbursement returned within 120 days - Update the loan period and amount and corresponding subsidized usage will be removed

GRAB BAG

- Closed school loan discharge - removes subsidized usage (but paid off loan does not)

t!p *LET COD DO THE SULA CALCULATIONS*

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All Prior Subsidized Usage Counts

Student just began in our program but the loan rejected (edit 206). How can the student have run out of eligibility already?

- Regardless of the program or school, or even if the student completed the prior program, all prior subsidized usage counts against the current MEP
- There is just one exception – usage from non-credential teacher certification programs calculated separately

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Remaining Eligibility Period

- Remaining Eligibility Period (**REP**) is the difference between the program's MEP and the sum of SUPs from *all* prior loans
  - if the loan's SUP exceeds the REP it will reject (edit code 206)
  - may be able to re-configure the loan to reduce the SUP
  - otherwise, REP cannot be used at this time
    - can still award unsubsidized

Remaining Eligibility Period

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No More Subsidized Eligibility – *at this time*

REP is too low for another subsidized loan so can we no longer worry about awarding subsidized loans?

- Things change so having no additional subsidized eligibility may not be permanent
    - student could return less than full-time
    - student could enroll in a longer program
    - an update/correction may be made on a prior loan
    - a prior loan could go through a closed school discharge
    - using the 120-day rule student could return a full disbursement to the school

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Who Does What?

- System of record
    - **COD** runs edits on incoming records to block loans/disbursements that would exceed the MEP

        Edit 206 loan reject?

    - **NSLDS** determines eligibility to retain the interest subsidy on loans already awarded

        Loss of subsidy (LOS)?

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Loss of Subsidy

- Will only trigger if all three of these conditions are present at the same time (but only need to be present for as little as one day)

| 1. Remaining Eligibility Period <= 0 | 2. No Completion | 3. Triggering Enrollment | **Loss of Subsidy** |

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New Loans Despite a Loss of Subsidy

Since the student has a loss of subsidy on a loan does that mean no more subsidized loans can be awarded?

- Not necessarily because the student may now be in a longer program with a higher MEP and thus more eligibility for subsidized loans

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Thank You

Follow-up questions? Contact:
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