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

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

SULA Requirements Overview

A time limitation, not dollar amount limit
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

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

Converting to Years

**Conversion Formulas**

- \( PLY = \frac{(PPLM \times 30)}{(WPAY \times 7)} \)
- \( PLY = \frac{PPLW}{WPAY} \)

**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
SULA Requirements Overview

 MEP - sum SUP = REP

A time limitation, not dollar amount limit

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

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

SULA Requirements Overview

**MEP - sum SUP = REP**

A time limitation, not dollar amount limit

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
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

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)?

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
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

Thank You

Follow-up questions? Contact: AskaFed@ed.gov