Calculating Award Amounts

START HERE
GO FURTHER
FEDERAL STUDENT AID

Types Of Direct Loan

- Subsidized & Unsubsidized
  - Depending on borrower's need, the annual loan amounts may be
    - All subsidized
    - A combination of subsidized and unsubsidized
    - All unsubsidized
- Parent PLUS
- Grad PLUS

2

START HERE
GO FURTHER
FEDERAL STUDENT AID

Subsidized Loan Eligibility

Subsidized loans are need-based

- COA minus EFC minus EFA = Subsidized Eligibility, not to exceed annual subsidized limit
  - COA is determined for the number of weeks/months in the loan period
  - EFC used is primary EFC on ISIR for number of months in the loan period
- Eligibility is determined BEFORE eligibility for unsubsidized loans

3

START HERE GO FURTHER FEDERAL STUDENT AID

Unsubsidized Loan Eligibility

Unsubsidized loans are not need-based

- COA minus EFA = Unsubsidized Eligibility, not to exceed annual subsidized limit
- Eligibility is determined AFTER eligibility for subsidized loans

4

START HERE GO FURTHER FEDERAL STUDENT AID

PLUS Loans

- For dependent student's parent or graduate/professional student
- Maximum PLUS Loan is COA – EFA
  - PLUS loans may replace EFC
- There is no annual/aggregate limit
- Parent or graduate/professional student borrower must have no adverse credit
- Parent borrower not required to file FAFSA
- PLUS loans are not subsidized
  - School must offer subsidized and unsubsidized before PLUS

5

START HERE
GO FURTHER
FEDERAL STUDENT AID

Unsubsidized Stafford Loan Flexibility

- FAA *may* use professional judgment to award unsubsidized loans to dependent students without parental data
  - Parent must certify cessation of support and refusal to complete the FAFSA
  - *School must document both items*
- Student may receive up to his/her maximum dependent loan eligibility. Entire amount would be unsubsidized
- Student would not be eligible for any other Title IV aid

6

START HERE
GO FURTHER
FEDERAL STUDENT AID

Determining Loan Periods

- Loan Period is period of enrollment for which loan is awarded
  - Loan periods may cross award years
- Loans must be disbursed equally by payment period

7

Determining Loan Periods

- Maximum loan period
  - generally school's academic year.
  - If greater than an academic year, in some cases, loan is for the length of the program
- Minimum loan period
  - Standard term programs and SE9W programs: one academic term
  - All other programs: Lesser of
    - the academic year, the student's program, or
    - the remaining portion of the program, or
    - the remaining portion of an academic year

8

Cost of Attendance (COA)

- COA is an estimate of the of student's educational expenses as determined by institution
  - Includes both direct institutional costs and indirect costs related to education

START HERE
GO FURTHER
FEDERAL STUDENT AID

Components Of COA

- Tuition and fees
- Books and supplies, transportation and personal expenses
  - Includes the cost of a personal computer
- Allowance for room and board
- Dependent care costs
- Study abroad expenses
- Costs associated with a disability
- Cooperative-education-related expenses
- Loan fees

10

START HERE
GO FURTHER
FEDERAL STUDENT AID

- Tom is a *dependent, third-year* student. His COA is $20,000. His EFC is 3644. His total estimated financial aid is an honors scholarship for $8,500. Calculate Tom's subsidized and unsubsidized Stafford loan amounts.

Tom's Eligibility

A. COA	$20,000
B. EFC	- 3,644
C. EFA	- 8,500
D. Subtract B and C from A	= 7,856
E. Annual Subsidized Loan Limit $3,500 1st year, $4,500 2nd year, $5,500 3rd year and beyond; $8,500 grad/professional, all years	$ 5,500
F. Enter lesser of D and E. This is the maximum Subsidized Loan amount	$ 5,500 Subsidized Loan

G. COA (Same as A above)	$20,000
H. EFA (Sum of C and F)	- 14,000
I. Subtract H from G	= 6,000
J. Total Annual Loan Limit **Dependent undergraduate:** $5,500 1st year, $6,500 2nd year, $7,500 3rd year and beyond. **Independent undergraduate:** $9,500 1st year, $10,500 2nd year, $12,500 3rd year and beyond **Grad/professional:** $20,500	7,500
K. Subsidized Loan Amount (F)	5,500
L. Subtract K from J	2,000
M. Enter lesser of box I or L. This is the maximum Unsubsidized Loan amo.unt	$ 2,000 Unsubsidized Loan

- Patrick is a *dependent, first-year* student. He has a COA of $16,000. His EFC is 2408. To date, Patrick has received $4,000 in scholarships from various sources. Calculate Patrick's subsidized and unsubsidized loan amounts.

Patrick's Eligibility

A. COA	$16,000
B. EFC	- 2,408
C. EFA	- 4,000
D. Subtract B and C from A	= 9,592
E. Annual Subsidized Loan Limit $3,500 1st year, $4,500 2nd year, $5,500 3rd year and beyond; $8,500 grad/professional, all years	$ 3,500
F. Enter lesser of D and E. This is the maximum Subsidized Loan amount	$ 3,500 Subsidized Loan

START HERE
GO FURTHER
FEDERAL STUDENT AID

G. COA (Same as A above)	$16,000
H. EFA (Sum of C and F)	- 7,500
I. Subtract H from G	= 8,500
J. Total Annual Loan Limit **Dependent undergraduate:** $5,500 1st year, $6,500 2nd year, $7,500 3rd year and beyond. **Independent undergraduate:** $9,500 1st year, $10,500 2nd year, $12,500 3rd year and beyond **Grad/professional:** $20,500	5,500
K. Subsidized Loan Amount (F)	3,500
L. Subtract K from J	2,000
M. Enter lesser of box I or L. This is the maximum Unsubsidized Loan amount.	$ 2,000 Unsubsidized Loan

START HERE
GO FURTHER
FEDERAL STUDENT AID

Patrick – Packaged So Far

Scholarships	$ 4,000
Loans	$ 5,500
Other	$ 0
Total EFA	$ 9,500

Patrick 's Parents' PLUS Loan

COA	$ 16,000
- EFA	$ 9,500
= PLUS	$ 6,500

PLUS eligibility may *never* exceed COA - EFA

START HERE
GO FURTHER
FEDERAL STUDENT AID

Increased Unsubsidized Loan Eligibility

- What if Patrick's parents were denied a PLUS loan, or Patrick were independent?

- Calculate the unsubsidized amount for Patrick's award. COA is $16,000. Patrick's EFC is 2408. His estimated financial assistance is $4,000 in scholarships and a subsidized Stafford loan of $3,500.

START HERE
GO FURTHER
FEDERAL STUDENT AID

G. COA (Same as A above)	$16,000
H. EFA (Include Subsidized Loan)	- 7,500
I. Subtract H from G	= 8,500
J. **Total Annual Loan Limit** **Dependent undergraduate:** $5,500 1st year, $6,500 2nd year, $7,500 3rd year and beyond. **Independent undergraduate:** $9,500 1st year, $10,500 2nd year, $12,500 3rd year and beyond **Grad/professional:** $20,500	9,500
K. **Subsidized Loan Amount (F)**	3,500
L. **Subtract K from J**	6,000
M. **Enter lesser of box I or L. This is the maximum Unsubsidized Loan amount.**	$ 6,000 Unsubsidized Loan

Master Promissory Note (MPN)

- School must use ED's MPN
  - Borrower must sign prior to loan disbursement
  - No dollar amount printed on the MPN
  - Only one MPN needed for subsidized and unsubsidized loans for same academic year
- PLUS MPN serves as application for loan and includes information for credit check
- MPN may be paper or electronic
  - Borrower has option to request a paper MPN

20

Prorating Annual Loan Limits

- Undergraduate student enrolled in program that is longer than an academic year and is in a final period of study that is less than an academic year

$$\frac{\text{Hours enrolled}}{\text{Hours in AY}} \quad X \quad \text{Annual Loan Limit}$$

- Calculate subsidized and unsubsidized separately

21

START HERE
GO FURTHER
FEDERAL STUDENT AID

Prorating Annual Loan Limits

- Charlene is enrolled in a two year degree program, based on a semester calendar. She completes four semesters (two academic years) and still must earn 18 credits. She plans to enroll in fall semester, take 18 credits, and graduate in December.

$$\frac{\text{18 Hours enrolled}}{\text{24 Hours in AY}} \quad X \quad 4{,}500 \text{ subsidized} = \$3{,}375$$

$$\frac{\text{18 Hours enrolled}}{\text{24 Hours in AY}} \quad X \quad 2{,}000 \text{ unsubsidized} = \$1{,}500$$

START HERE
GO FURTHER
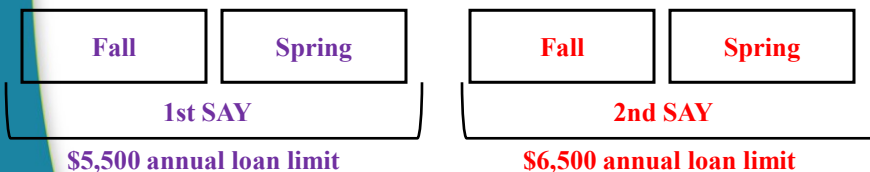FEDERAL STUDENT AID

Monitoring Annual Loan Limits

- Scheduled Academic Year (SAY)
  - Used by term-based credit-hour programs
  - Fixed period of time
  - Corresponds to academic year calendar

23

START HERE
GO FURTHER
FEDERAL STUDENT AID

SAY for Semester or Trimester-Based Program

2-Year Credit-Hour Program
Academic Year 24 Credits/ 30 Weeks

Fall	Spring		Fall	Spring
1st SAY			**2nd SAY**	
$5,500 annual loan limit			**$6,500 annual loan limit**	

24

START HERE
GO FURTHER
FEDERAL STUDENT AID

SAY for Quarter-Based Program

2-Year Credit-Hour Program Academic Year 36 Credits/ 30 Weeks		
Fall	Winter	Spring

1st SAY

$5,500 annual loan limit

Fall	Winter	Spring

2nd SAY

$6,500 annual loan limit

Process – Direct Loans

25
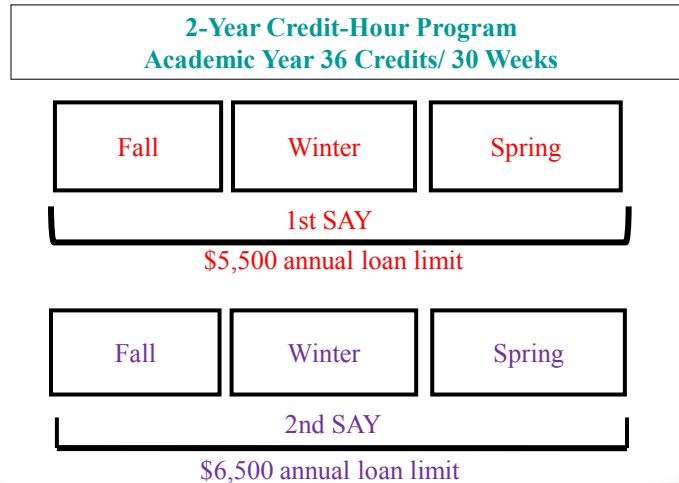
Monitoring Annual Loan Limits

- Borrower-based Academic Year (BBAY)
  - *Must* be used for clock-hour and nonterm programs and
  - *May* be used by term-based credit hour programs
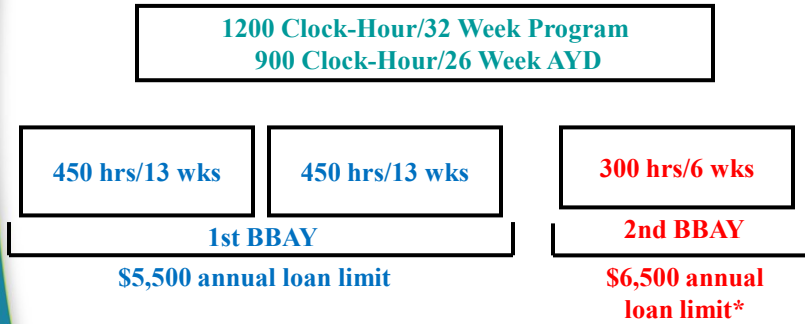 - Moves with student's attendance and progression in program

Process – Direct Loans
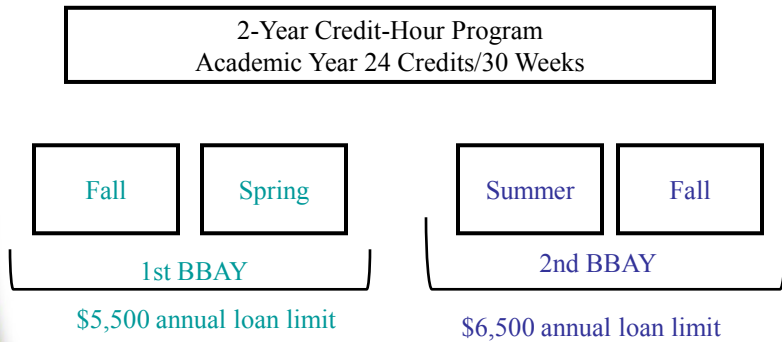
26

BBAY – Clock-Hour Program

| 1200 Clock-Hour/32 Week Program |
| 900 Clock-Hour/26 Week AYD |

| 450 hrs/13 wks | 450 hrs/13 wks | | 300 hrs/6 wks |

1st BBAY

2nd BBAY

$5,500 annual loan limit

$6,500 annual loan limit*

***You must prorate annual loan limit for final period less than an academic year**
$4,500 x 300 / 900 = $1,500 Sub
$2,000 x 300 / 900 = $667 Unsub

27

START HERE
GO FURTHER
FEDERAL STUDENT AID

BBAY for Semester or Trimester-Based Program

| 2-Year Credit-Hour Program |
| Academic Year 24 Credits/30 Weeks |

| Fall | Spring | | Summer | Fall |

1st BBAY

2nd BBAY

$5,500 annual loan limit

$6,500 annual loan limit

Process – Direct Loans

28

START HERE
GO FURTHER
FEDERAL STUDENT AID

BBAY for Quarter-Based Program

| 2-Year Credit-Hour Program |
| Academic Year 36 Credits/ 30 Weeks |

Spring	Summer	Fall

1st BBAY

$5,500 annual loan limit

Winter	Spring	Summer

2nd BBAY

$6,500 annual loan limit

29

Thank You For Joining Us Today!

30