SULA Misunderstandings & Misreporting & Pell LEU

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SULA Agenda

- Overview of SULA Concepts
- Misunderstandings and Misreporting
- Remaining Eligibility < 1.0 Year
- Tools
Overview of SULA Concepts
Basic SULA Eligibility

MEP - ΣSUP = REP

A time limitation, not dollar amount limit
Maximum Eligibility Period

Borrowers are eligible for subsidized loans for 150% of the Published Program Length in Years (PPLY) – this is called the Maximum Eligibility Period (MEP)

- If you report the program length in years we use what you report
- If you report the program length in months or weeks we also need your Weeks Programs Academic Year so we can convert it to years

\[
PPLY \times 1.5 = \text{Maximum Eligibility Period (MEP)}
\]
Subsidized Usage Period

The amount of subsidized eligibility a loan uses is called its Subsidized Usage Period (SUP).

COD follows these three steps, in order, to calculate the SUP:

1. SUP = length of loan period ÷ length of academic year
2. Loan limit exception: if loan amount is at the annual limit (i.e. $3500, GL 1) ignore the SUP from above and make it 1.0 year
3. Enrollment exception: if enrollment is three quarters time or half-time multiply the SUP by .75 or .5, respectively
Remaining Eligibility Period

• The difference between the MEP and the ∑SUP is the Remaining Eligibility Period (REP)

• If the SUP of a loan you’re trying to award exceeds the REP the loan will reject with edit 206

• You may be able to reconfigure the loan (lower the SUP) to get it through

• If not, that small REP can’t be used up at this time

• Can still award unsubsidized because you’ve awarded as much subsidized eligibility as you are able to
SULA System of Record

- COD performs SULA calculations to determine eligibility for the incoming subsidized loan origination or loan update
  - Loan rejected (edit 206)?

- NSLDS performs SULA calculations to determine eligibility to retain the interest subsidy on loans already awarded
  - Loss of subsidy?
Loss of Subsidy

For a loss of subsidy to trigger - the following three conditions must all be present (even for as a little as one day):

- REP goes down to zero or less
- No graduation reported
- Enrollment continues in program of equal or lesser length
Misunderstandings & Misreporting

ISSUES
AND
ANSWERS
Loan Amount & Loan Period Misreported

Subsidized loan with 1.0 year SUP even though only had fall disbursement for $1750

• Loan amount of $3500
• Grade level 1
• Disbursements (no additional disbursements will be made):
  o fall disbursement: $1750 – actual
  o spring disbursement: $1750 – pending
• Loan period of fall-spring
• Academic year of fall-spring
Correct Loan Amount Updating

- **Problem**: loan amount is higher than the sum of actual disbursements made (and retained)

- **Why this matters**: if loan amount is at the annual limit ($3500, $4500, $5500) the annual loan limit exception triggers – charging the student a full year’s subsidized usage. This borrower is being overcharged subsidized usage by ~0.6 years.

- **Solution**: reduce the loan amount to the total of actual disbursements (and zero out pending disbursements)
Correct Loan Period Updating

- **Problem**: loan period contains terms (payment periods) in which a disbursement wasn’t made or was made but later zeroed out.

- **Why this matters**: the basic calculation of a loan’s subsidized usage is length of loan period \(\div\) length of academic year so the excessively long loan period causes subsidized usage to be too high.

- **Solution**: remove from the loan period any terms/payment periods where a disbursement isn’t made/retained.
Correctly Reported Loan Amount & Loan Period

- Loan amount $1750
- Disbursements (no additional disbursements will be made):
  - fall disbursement: $1750 – actual
  - spring disbursement: $0 – pending
- Loan period of fall
- Academic year of fall-spring

\[ \text{SUP} = \frac{\text{loan period}}{\text{academic year}} = \frac{\text{fall}}{\text{fall-spring}} = \sim 0.4 \text{ year} \]
Loan Amount Misunderstanding

Loan amount was “prorated” by the remaining eligibility period

School multiplied the REP (e.g. 0.7 years) by the annual loan limit (e.g. $3500) to award an incorrect loan amount ($2450)

**For Prorating Annual Loan Limits, see FSA Handbook Vol3 Ch5**
Correctly Reported Loan Amount

- **Problem:** incorrectly “prorating” loan amount
- **Why this matters:** under-awarding subsidized funds the borrower should be eligible for. If loan amount is at the annual limit the annual loan limit exception triggers but *any* loan amount less will bypass this trigger
- **Solution:** if REP < 1.0 year and the loan period has been shortened then reducing the loan amount *by any amount* will keep the exception from triggering to get the loan through
Academic Year Misunderstanding

School reported a single-term loan period and a single-term academic year

- Loan period (LP): fall-only
- Academic year (AY): fall-only
- SUP = length of LP ÷ length of AY = fall / fall = 1.0 year
Report School’s Defined Academic Year

- **Problem:** academic year was reduced to a single term (usually done when the loan period became a single term)

- **Why this matters:** the basic calculation of a loan’s subsidized usage is length of loan period ÷ length of academic year so the excessively short academic year causes subsidized usage to be too high

- **Solution:** report your school’s defined academic year, the period used to track annual loan limits. Regulatory minimum is 26 or 30 weeks. A single term academic year is never correct
Another Consequence of a Single-term Academic Year

*School updated to a single-term academic year when student withdrew/ transferred*

- **Incorrect update:**

  ![Diagram showing the incorrect update of academic year costs](image)
Recently Added COD SULA Edits

These edits should catch many reporting errors for new records coming in but they are necessarily broad and aren’t retroactively applied

- Reject edit 046 if academic year less than 26 weeks
- Correcting edit 219 if loan amount is greater than sum of disbursements
- Warning edit 220 if $0 disbursement has a Payment Period Start Date (PPSD) within the loan period (meaning loan period wasn’t shortened)
Scheduled Academic Year (SAY) schools with a summer header (or trailer) reporting summer in academic year though no summer disbursement was made (and summer enrollment not required)

- Disbursements made: fall, winter, spring
- Loan period: fall-winter-spring
- Academic year: fall-winter-spring-summer
- SUP = length of LP ÷ length of AY = 3 terms/4 terms = ~0.75 year

NOTE: COD counts the number of days but to get a quick estimate a count of the number of terms/payment periods in each will occasionally be used in this presentation
Include Summer only when Summer Disbursement Made

- **Problem**: academic year includes the summer for a SAY school when no summer disbursement is made
- **Why this matters**: the basic calculation of a loan’s subsidized usage is length of loan period ÷ length of academic year so the excessively long academic year causes subsidized usage to be too low
- **Solution**: for SAY with summer headers or trailers only include the summer in the academic year if a summer disbursement is made or summer attendance is required
**Misreported Summer term**

*School awarded a fall-spring loan and later a summer loan but failed to update the fall-spring loan’s academic year to include summer*

<table>
<thead>
<tr>
<th></th>
<th>Loan period:</th>
<th>Academic year:</th>
</tr>
</thead>
<tbody>
<tr>
<td>001</td>
<td>fall-spring</td>
<td>fall-spring</td>
</tr>
<tr>
<td>002</td>
<td>summer</td>
<td>fall-spring-summer</td>
</tr>
</tbody>
</table>

001 \( \text{SUP} = \frac{\text{LP}}{\text{AY}} = \frac{\text{fall-spring}}{\text{fall-spring}} = 1.0 \) year

002 \( \text{SUP} = \frac{\text{LP}}{\text{AY}} = \frac{\text{summer}}{\text{fall-spring-summer}} = 0.3 \) year

\( \sum \text{SUP} = 1.0 + 0.3 = 1.3 \) years
Add Summer to 001 Loan

- **Problem**: A separate summer-only (002) loan was awarded but the fall-spring (001) loan was not updated to include summer in the academic year.
- **Why this matters**: fractions
- **Solution**:
  - Add summer to 001 loan’s academic year
  - 001 loan: fall-spring/fall-spring-summer = 2 terms / 3 terms = 2/3 or 0.67 = 0.7 year
  - 002 loan: summer/fall-spring-summer = 1 term / 3 terms = 1/3 or 0.33 year = 0.3 year
  - \( \sum \text{SUP} = 0.7 \text{ year} + 0.3 \text{ year} = 1.0 \text{ year} \)
  - But if you end up not making/retaining that summer disbursement – remove summer from the 001 loan

**NOTE**: COD counts the number of days but to get a quick estimate a count of the number of terms/payment periods in each will occasionally be used in this presentation.
Remaining Eligibility < 1.0 Year
Remaining Eligibility < 1.0 Year

- You can only award another subsidized loan if you can configure it so the SUP does not exceed the REP.
- Otherwise, the final REP can’t be used at this time but you can still award unsubsidized because you’ve awarded as much subsidized as you are able.
  - Getting the REP completely down to zero is not a requirement in order to award unsubsidized.
REP < 1.0 Year

Let’s review the three steps for COD’s calculation of a SUP and see what you might be able to update:

1. SUP = length of loan period / length of academic year
   - Reduce the loan period to contain fewer terms if permitted

2. Loan limit exception: if loan amount is at the annual limit set the SUP to 1.0 year
   - Reduce the loan amount to be less than the annual limit if doing so is the only way to get a loan through

3. Enrollment exception: if TQT (X .75) or HT (X .5)
   - N/A – the enrollment is what it is but is it accurately reported?

TQT: three quarters time   HT: half-time
Review: an Example

Loan submitted to COD but rejected with edit 206

- Loan amount: $3500 (grade level 1)
- Loan period: 9/10/17 – 5/20/18
- Academic year: 9/10/17 – 5/20/18
- School reporting semesters
- Enrollment: full-time all disbursements/terms
- Student’s REP going into the year: 0.5 years
Example: Loan Initially Sent

Let’s calculate the SUP so we have a starting place

1. SUP = length of loan period ÷ length of academic year
   - Loan period: 9/10/17 – 5/20/18 (253 days)
   - Academic year: 9/10/17 – 5/20/18 (253 days)
   - SUP = 253 / 253 = 1 or 1.0 year

2. Loan limit exception triggered because loan at annual limit for grade level
   - Loan amount of $3500 so SUP was set to 1.0 year even if not already there

3. Enrollment exception triggers if three quarters time or half-time
   - N/A – enrollment is full-time

SUP of 1.0 year > REP of 0.5 year → Loan rejected
Example: Loan Reconfigured

Let’s see if we can re-configure the loan to get it through

Loan Period of fall-only: 9/10/17 – 12/16/17 (98 days)
Academic year of fall-spring 9/10/17 – 5/20/18 (253 days)

1. SUP = Loan Period length ÷ Academic Year length
   - Loan period of 98 days ÷ academic year of 253 days = 98/253 = \(0.4\) Year

2. Loan limit exception will no longer trigger if
   - Reduce loan amount for loan to accept (to most student eligible for)

SUP is now 0.4 Year <= REP of 0.5 Year → Loan accepts
SULA Adjustments Needed Report

- Responsibility for correct reporting/updating rests solely on the school
- Reporting requirements time frames are *much* sooner than closeout deadlines
- COD implemented processing changes and a number of edits to assist but they are not all-encompassing
- This new report will be run in the closeout time frame to alert schools to at least some of the records they missed
- COD will update those records after closeout if schools fail to
- Does not relieve schools of their responsibility
- Our edits are necessarily broad and can’t possibly catch everything
Tools
Tools - IFAP and Email

IFAP Home Page

- Communications
  - Electronic Announcements
  - Dear Colleague Letters
  - Federal Register Notices including Regulations
- Frequently Asked Questions
- Training
- Resources

150Percent-Questions@ed.gov

- General SULA questions

Information Pages

- FAFSA and the IRS DRT
- Gainful Employment
- 150% Direct Subsidized Loan Limit
- Campus-Based Programs
- Cash Management
- Default Prevention
- Foreign Schools
- IPM System
- Loan Servicing and Collection
- HEAL Program
- MSURSD Catalog Reference Documents
- Cybersecurity Compliance
Tools – Inquiry and Calculator

COD Website
- Go to Person Search
- Bring up the student
- Direct Loan
- View Undergraduate Usage History

SULA Inquiry
- Student-specific questions
- Almost 1,500 researched to date

SULA Calculator
- Won’t send, remove or harm any loans on the system

Test site fake info used
PELL Lifetime Eligibility Used (LEU)
LEU Agenda

- Limitation on Pell Eligibility
- Calculating Reduced Awards
- Timely Reporting
- Pell LEU in COD
- Pell LEU Dispute Guidance
Limitation on Pell Eligibility

The Consolidated Appropriations Act, P.L. 112-74 was enacted on December 23, 2011.

- Duration of a student’s Federal Pell Grant eligibility is limited to 12 semesters (or its equivalent)
- Effective beginning with the 2012-2013 award year
- Not limited to students who received their first Federal Pell Grant on or after the 2008-2009 award year
- Includes all Pell Grant/Basic Grant disbursements back to the 1973-1974 award year
Limitation on Pell Eligibility

How is the 12 semester equivalent determined?

- Twelve semester equivalency is calculated by adding the annual percentages of a student’s scheduled award that was disbursed to the student
- The total of the annual percentages is the student’s Pell Grant LEU limit
- When a student reaches 600% LEU, he/she has reached his/her Federal Pell Grant eligibility limit
Calculating Reduced Awards

How to calculate a student’s Pell Grant eligibility when the student has:

- **LEU of 500% or Less**: A student with an LEU of 500% or less is eligible to receive up to 100 percent of the full Scheduled Award for the award year, since the student has at least 100% LEU remaining.

- **LEU of 600% or More**: A student whose Pell LEU is 600% or more may not receive additional Pell Grant funds.

- **LEU of Greater Than 500% But Less Than 600%**: A student with an LEU of greater than 500% but less than 600% is not eligible to receive a full Scheduled Award, but may receive a partial Pell Grant award of the difference between 600% and the student’s LEU.
Calculating Reduced Awards

Scenario 1:
Student is full-time in a semester program and has 0 EFC and a $5,645 scheduled award

Action:
Calculate student’s Pell eligibility by subtracting the Pell LEU from the Pell LEU Report from 600.000%

- Report says 534.255%
- $600.000% - 534.255% = 65.745%
- 65.745% x $5,645 = $3,711.30525 ($3,711.30)
- First semester award = $2,822.50
- Second semester award = $888.80 or $888.00 (do not round up)
Calculating Reduced Awards

Scenario 2:
Student is full-time in a semester program and has 525 EFC and a $5,095 scheduled award

Action:
Calculate student’s Pell eligibility by subtracting the Pell LEU from the Pell LEU Report from 600.000%

- Report lists LEU of 566.425%
- $600.000\% - 566.425\% = 33.575\%
- $33.575\% \times $5,095 = $1,710.64
- First payment period = $1,710.64 or $1,710
- Second payment period = $0
Calculating Reduced Awards

There is no de minimum award amount for purposes of determining a student’s award because of the 600% LEU limitation.

• Even a student with a very small remaining LEU is eligible to receive the calculated amount of Pell Grant

• For example, a student with an EFC of 2550 and an LEU of 599.500% would be eligible for the remaining 0.500% which is $15.475 truncated to $15.47 or, if necessary, rounded down to $15.00
Timely Reporting

Electronic Announcement posted on August 13, 2012
http://ifap.ed.gov/eannouncements/081312PellGrantLifetimeEligibilityUsed.html

• Reminds institutions of the importance of reporting Pell Grant disbursements AND adjustments

Federal Register posted February 28, 2013

• Reduced the timeframe for reporting disbursements (or disbursement adjustments) made on or after 4/1/13 for Federal Pell Grant disbursement records to no later than 15 days after making the disbursement or becoming aware of the need to adjust a student's previously reported disbursement.
Pell LEU in COD

On the COD website, institutions can also lookup a student’s LEU using:

- Person Pell Information page
- Pell LEU History page

Within COD batch processing:

- Common Record Response File
- Edits
Pell LEU in COD
Pell LEU History

Pell Grant Summary

Attending School | Eligibility Used | Total Amount Disbursed | DMCS Amount Collected | Scheduled Award Amount
--- | --- | --- | --- | ---

Year '12-'13
- COUNTY COMMUNITY COLLEGE
  - 100.0000% | $5,350.00 | $5,350.00
- Total Percent Eligibility Used: 100.0000%

Year '06-'07
- LUTHERAN SCHOOL OF THEOLOGY AT CHICAGO
  - 100.0000% | $100.00 | $100.00
- Total Percent Eligibility Used for '06-'07: 100.0000%

Year '95-'96
- LUTHERAN SCHOOL OF THEOLOGY AT CHICAGO
  - 100.0000% | $100.00 | $100.00
- Total Percent Eligibility Used for '95-'96: 100.0000%

Year '94-'95
- LUTHERAN SCHOOL OF THEOLOGY AT CHICAGO
  - 100.0000% | $100.00 | $100.00
- Total Percent Eligibility Used for '94-'95: 100.0000%

~Lifetime Eligibility Used: 1414.037%
Pell LEU within NSLDS

• NSLDS sends the Pell LEU to CPS for inclusion on the ISIR

• NSLDS Professional Access website displays Pell Grant Warning Icons to indicate the student is close to, or has met or exceeded the Pell LEU limit
Pell LEU Dispute Guidance

DCL 13-14 posted to IFAP on May 16, 2013

http://www.ifap.ed.gov/dpcletters/GEN1314.html

• Responsibility of the institution to advocate for the student in resolving Pell data discrepancy
• If the amount disputed would not, if corrected, provide additional Pell eligibility, the issue should not be escalated to the Department
• Current and prior schools need to work together to document the student’s enrollment and receipt of Pell Grant funds for the disputed award year
Pell LEU Dispute Process

If a student or institution believes the underlying Pell data in COD is inaccurate, the dispute process was outlined in the Electronic Announcement posted to IFAP on June 27, 2013.


What the student needs to do:
• Needs to have filed a FAFSA
• Needs to work with their current institution
• Needs to supply all documentation requested
Escalation

• If it is determined that the case should be escalated to the Department, the current school contacts the COD School Relation Center and obtains a dispute case number

  ▪ 1-800-474-7268 or CODSupport@ed.gov

• The COD School Relations Center will advise what documentation is required

• All documentation is submitted electronically and should include the dispute case number
What the Department will do:

- Department staff will review all supporting documentation of the case, and render a decision
- Based on the decision, the Department will provide the school(s) with:
  - EITHER… An approval notification with the amount of the Pell Grant LEU adjustment. The school may then disburse Pell Grant funds
  - OR… A denial notification. The school will not be able to disburse additional Pell Grant funds
  - AND… A notification that can be given to the student documenting the Department’s decision
Pell LEU Dispute Portal
Pell LEU Dispute Process

Pell LEU Dispute portal will allow schools to enter dispute information for Department of Education review.
After a dispute has been approved, the student’s Pell LEU History page will provide details of the dispute and adjustment.
Federal Pell Eligibility Restoration Impacts

Resources

- **December 21, 2016 EA** --reinterpreted previous policy guidance so Pell Grant recipients who were unable to complete their course of study due to the closing of their school can now have their Pell Grant eligibility restored
- **April 3, 2017 EA** – Introduced how FSA would operationally restore Pell recipients’ eligibility based on their attendance at a closed school
- **October 4, 2017 EA** – The COD 16.2 Implementation documentation
- For a more technical perspective on Pell Grant restoration, consider attending conference Session #14 – COD Update
QUESTIONS?

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