Misunderstandings about SULA and Misreporting SULA Data

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Session Description

SULA Misunderstandings & Misreporting
This session will address common Subsidized Usage Limit Applies (SULA) misunderstandings and misreporting. We'll begin with an overview of concepts and the requirements for reporting and updating records. We'll delve into how reporting mistakes and some processing shortcuts can impact a borrower's subsidized loan eligibility or result in a loss of subsidy. Included will be guidance on how to configure a loan when remaining subsidized eligibility is less than 1.0 year. The goal is clean SULA processing and no longer needing a prior award year re-opened to make necessary corrections.

Overview of SULA Concepts
Basic SULA Eligibility

Maximum Eligibility Period

Converting Months or Weeks to Years
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. \( \text{SUP} = \frac{\text{length of loan period}}{\text{length of academic year}} \)
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*

* Not applicable to clock-hour and nonterm credit hour programs

Miscellaneous Impacts on the SUP

- COD never counts loan period days twice so a student having overlapping loan periods will see half the overlapping loan period days assigned to one of the loans, the other half to the other loan
- If the full disbursement is returned within 120 days of the disbursement date - when the school adjusts that disbursement down to zero (and returns the funds) and removes the corresponding term from the loan period – subsidized usage will no longer include that term/payment period
- A loan that has been paid off after 120 days does not remove the loan’s subsidized usage
- But the subsidized usage of a closed school loan discharge is removed

Remaining Eligibility Period

- The difference between the MEP and the \( \sum \text{SUP} \) 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 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):
  - fall disbursement: $1750 – actual
  - 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 + length of academic year so the inaccurately 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

SUP = loan period / academic year = fall / fall-spring = ~0.4 year

Loan Period Misunderstanding

Loan period dates do not coincide with dates of terms/payment periods

fall term: 9/10/18 – 12/15/18  spring term: 1/10/19 – 5/20/19

Loan period reported: 9/20/18 – 5/10/19
SUP: 0.9 year (same as REP)

• School shaved off days from the beginning or ending of the loan period until the SUP did not exceed the REP

Correct Loan Period Dates

- Problem: loan period dates must coincide with dates of terms/payment periods. Either the whole term is in the loan period or none of it is
- Why this matters: borrowers are being awarded subsidized loans they are not be eligible for
- Solution: if the loan can’t be re-configured correctly the remaining eligibility simply can’t be used. If this happens you’ve awarded as much subsidized eligibility as possible – can award only unsubsidized
  - unless something changes: program, enrollment, prior loans

*NOTE: which also means the loan period end date should not be shortened to the last date of attendance. The term is either all in or all out.
Loan Amount Misunderstanding

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

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

Misunderstanding Payment Period Start Dates

- School’s reported PPSDs:
  - fall start: 9/10/18  Enrollment at Disbursement: FT  PPSD: 9/10
  - winter start: 1/10/19  Enrollment at Disbursement: 3/4T  PPSD: 9/10
  - spring start: 3/10/19  Enrollment at Disbursement: 1/2T  PPSD: 9/10
- COD calculates this SUP: 1.0 year
- Correct SUP: 0.8 year
PPSD is the Payment Period’s Start

• **Problem:** reporting all the PPSDs the same, usually misreported as the loan period start date

• **Why this matters:** when enrollment varies between terms/payment periods COD uses the PPSD to measure the length of each term to “prorate” subsidized usage based on each term’s enrollment status. With PPSDs all the same it appears to COD that the loan is for a single term/payment period

• **Solution:** report the PPSD as the start date of that payment period or term, not the loan period start date and ensure that the enrollment status on the date of disbursement is reported

Enrollment Status Misreporting

*Reporting the enrollment status as of the census date instead of the disbursement date*

School reported:

- Fall disbursement date: 9/10/18
  - Enrollment on 9/10: half-time
- School census date: 9/20/18
- Enrollment on 9/20: full-time
- Enrollment status reported to COD: full-time

Report Enrollment as of Disbursement Date

• **Problem:** inaccurate enrollment status causing subsidized usage to be too high or too low

• **Why this matters:** overstates or understates subsidized usage since the enrollment exception doesn’t trigger when it should or vice versa and then is calculated incorrectly

• **Solution:** the census date is not part of the 150% regulations. Report to COD the borrower’s enrollment status as of the date of the initial disbursement of the term/payment period
### 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

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### Report School's Academic Year Used for DL Annual Loan Limits

- **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 the academic year your school uses to track DL annual loan limits. This academic year is based on your defined academic year but may not be identical to the defined AY. Regulatory minimum is 26 or 30 weeks. A single term academic year is never correct.

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### Another Consequence of a Single-term Academic Year

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

How will next school know to account for $1750 already disbursed if their academic year should but does not overlap?
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)

Academic Year Misreporting

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>Loan Period</th>
<th>Academic Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>001</td>
<td>fall-spring</td>
</tr>
<tr>
<td>002</td>
<td>summer</td>
</tr>
</tbody>
</table>

001 SUP = LP / AY = fall-spring / fall-spring = 1.0 year
002 SUP = LP / AY = summer / fall-spring-summer = 0.3 year

∑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
  - ∑SUP = 0.7 year + 0.3 year = 1.0 year
- If you end up not making/retaining that summer disbursement – remove summer from the 001 loan

Inaccurate Reference Chart Shortcut

School uses a reference chart short-cut for its loan counselors and denies subsidized loans for students with REPs within certain ranges

One such overly-broad chart has the school automatically not awarding a subsidized loan if the REP is less than 0.5 years. But did they take into account:
- Enrollment status?
- Accurate reporting of prior loans?
- Loans with overlapping loan periods?
Shortcuts are Shorting the Student

- **Problem:** overly-broad reference charts are often inaccurate
- **Why this matters:** Students may be denied a subsidized loan when one would go through
  - A one-semester loan typically has a 0.4-year SUP
  - A one-quarter loan typically has a 0.3-year SUP
  - And < FT enrollment in a term-based, credit-hour program – less yet
- **Solution:** SULA calculations can be complex and are dynamic. Let COD do the calculations. There is no compliance issue with a loan being rejected. The SULA Calculator will help you.

Misunderstood Program Length Reporting

Term-based school reporting a published program length of 12, 24 or 48 months and WPAY of 30

- **COD and NSLDS conversion of PPLM to PPLY:**
  \[ PPLY = \frac{(PPLM \times 30)}{(WPAY \times 7)} \]
  - 12-month program is not a 1-year program but a 1.7-year program
  - MEP is not 1.5 years but 2.6 years
  - 24-month program is not a 2-year program but a 3.4-year program
  - MEP not 3.0 years but 5.1 years
  - 48-month program is not a 4-year program but a 6.9-year program
  - MEP not 6.0 years but 10.3 years

Programs that should be Reported in Years

- **Problem:** reporting published program length in months when it should be in years for term-based schools
- **Why this matters:** borrowers getting more subsidized loans than eligible for, often a loss of subsidy when corrected
- **Solution:** report to COD and NSLDS the same way you publish. An associate’s degree should be reported as 2 years and a bachelor’s degree as 4 years unless academic design calls for longer.
Program Length Misreporting – Wrong Units

Watch your units

<table>
<thead>
<tr>
<th>Loan Period Length</th>
<th>30 Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Year Length</td>
<td>6.75 Doc</td>
</tr>
<tr>
<td>Calculated Published Program Length Years</td>
<td>120 Years</td>
</tr>
<tr>
<td>Maximum Subsidized Eligibility Period</td>
<td>100 Years</td>
</tr>
<tr>
<td>Actual Subsidized Usage Period</td>
<td>0.6 Years</td>
</tr>
<tr>
<td>Remaining Actual Subsidized Eligibility Period</td>
<td>78.5 Years</td>
</tr>
</tbody>
</table>

✓ But at least one mistake seems to moderate the other (do you see it?)

Misreported Degree Completion

Misreported program length for students in Bachelor's Degree Completion Program or Special Admission Associate's Degree Program

• Programs are being reported to COD and NSLDS as 2-years, resulting in loans rejected by COD for exceeding the MEP and in loss of subsidy determinations at NSLDS

• Problem: program length reported as 2 years even though the program qualifies as a degree completion program

• Why this matters: borrower will not have enough subsidized eligibility remaining to get loans in the completion program and loss of subsidy on loans already awarded

• Solution: final regulations published on 1/17/2014 explain reporting of degree completion programs
  ✓ Schools will report a program length of 4 years, even though the program is only 2 years in length, which will result in a Maximum Eligibility Period of 6 years
  - Bachelor's Degree Completion Programs
  - Special Admission Associate's Degree Programs
Summer Enrollment Misreporting

Students reported as withdrawn during the summer even though they’re expected back at least half-time in the fall

- Student was enrolled full-time in the spring and is expected to return full-time in the fall. But because student is not attending in the summer the school has reported the student as withdrawn

Summer Enrollment Reporting

- Problem: when summer enrollment is misreported it may result in a loss of subsidy
- Why this matters: loss of subsidy is not warranted in many of these situations
- Solution: student can be reported as enrolled during the summer at least half-time as long as student was enrolled at least half-time during the previous term and is expected to return at least half-time after the summer

Summer Enrollment Misunderstanding

Student enrolled in a community college for the summer to take a course before returning to four-year school in the fall, but community college reported student in a program of study

- Student did not receive Title IV aid
- Was not actually admitted into a program
Combination Leads to a Loss of Subsidy

- **Problem**: Four-year school misreported a withdrawal, two-year school misreported student in a program
- **Why this matters**: withdrawal from the 4-year program means the longest program the student was enrolled in was the 2-year program. If the student’s $SUP from loans at the 4-year school exceeded the MEP of the 2-year program: **loss of subsidy triggers**
- **Solution**: don’t report a withdrawal in the summer at the 4-year program, or enrollment in a program at the community college

Enrollment Effective Date Misreporting

School inadvertently reporting the enrollment certification date as the enrollment status effective date

This program could be the longest program the student was in at some point between 8/29/15 and 6/19/17. When actually was the withdrawal?

Enrollment Status Accuracy

- **Problem**: reporting the certification date as the enrollment status effective date
- **Why this matters**: inaccurately reporting the student in a program, especially a shorter program when the $SUP has exceeded that program’s MEP, could result in a **loss of subsidy**
- **Solution**: report the graduation, withdrawal, etc. with the accurate effective date. NSLDS customer service can help
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
  o 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
Minimum Loan Period

- Credit-hour, standard term or non-standard term SE9W programs: minimum loan period is the term
- Clock-hour, non-term or non-standard term NSE9W programs:
  - SE9W: substantially equal terms at least nine weeks in length
  - NSE9W: non SE9W

• Loan amount: $3500 (grade level 1)
• Loan period: 9/10/18 – 5/20/19
• Academic year: 9/10/18 – 5/20/19
• 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: 9/10/18 – 5/20/19 (253 days)
   - Academic year: 9/10/18 – 5/20/19 (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

Review: an Example

Loan submitted to COD but rejected with edit 206

Let's calculate the SUP so we have a starting place
1. SUP = length of loan period ÷ length of academic year
   - Loan period: 9/10/18 – 5/20/19 (253 days)
   - Academic year: 9/10/18 – 5/20/19 (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: 9/10/18 – 12/16/18 (98 days)
Academic year of fall-spring 9/10/18 – 5/20/19 (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

Program Year Closeout

Prior to confirming closeout for the award year make sure you have:
- Verified that you are closing out the correct award year
- Zeroed out all pending (unused) disbursements
- Reduced the loan amount to the sum of the actual disbursements
- Shortened the loan period to remove any terms/payment periods where no disbursement was made and retained
- Reported the correct academic year dates
  - If you added summer to a Scheduled Academic Year anticipating a summer disbursement but none was made/retained – make sure you remove the summer
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

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
Tools – Inquiry and Calculator

COD Website
- Go to Person Search
- Bring up the student
- 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

NSLDS Updates

Overview of NSLDS Maximum Eligibility Timeline

- Displays a chronological full history of a student’s subsidized usage and eligibility as subject to the Direct Subsidized usage limits
- Intended to help users understand when and why events such as Loss of Subsidy (LOS) or Reinstatement of Subsidy occurred
- Shows the Direct Subsidized loan awards and school-certified Program Enrollment information that determine these events
Maximum Eligibility Timeline

Available from the Enrollment Summary page, under the Enrollment tab of the NSLDSFAP website

Changes to NSLDS Subsidized Usage Page

Usage Detail Table
- Cumulative Usage in Years column displays the running total of student’s usage, as reported by COD
- Usage at Loss in Years column displays the student’s cumulative usage at the date on which that student lost subsidy on one or more awards
- The Academic Year Begin Date column and Academic Year End Date column have been removed

Maximum Eligibility Timeline Display

- Access to Program Enrollment Detail Page
- View Programs
- Blue Buttonized Icons
- Access to Subsidized Usage Page
- View Awards
Changes to Subsidized Usage Page cont.

Current Program Enrollment Status Table

- Program Enrollment table renamed Current Program Enrollment Status
- Displays student's current programs and program statuses
- Blue Buttonized Icon directs to the Program Enrollment Detail page for that program for each program enrollment record

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<thead>
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<th>CF/ID</th>
<th>CF Code</th>
<th>Description</th>
<th>Credential Level</th>
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<th>Program Enrollment Status</th>
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</tbody>
</table>

Changes to Program Enrollment Detail Page

- Display Options now default to 'Active Only' records
- New Display Filters:
  - Credential Level
  - Published Program Length in Years

NSLDS Newsletter

For more information on the Maximum Eligibility Timeline, Enrollment Reporting, and other NSLDS updates, see NSLDS Newsletter #60, available on IFAP
QUESTIONS?

Contact Information

Contact us with follow-up questions about this session:

FAA policy questions: AskAFed@ed.gov
FAA operational questions: CODSupport@ed.gov