

Memo: This is a revision of the scenarios sent on October 3<sup>rd</sup> to clarify the language in the draft regulations after receiving input from financial aid directors

#### 685.203 - Less than FT Enrollment

(l) Additional Rules for Loan Limits.

(1) Less Than Full-Time Enrollment.

Notwithstanding any provision of 34 CFR parts 682 or 685, in any case in which a student is enrolled in an eligible program at an institution on a less than a full-time basis **during any academic year** during any academic semester, the amount of any Direct Loan that student may borrow for **an academic year or its equivalent** a semester shall be reduced in direct proportion to the degree to which that student is not so enrolled on a full-time basis, rounded to the nearest whole percentage point, as provided in a schedule of reductions published by the Secretary.

- The main issue with the highlighted language is that institutions are being asked to prorate loan eligibility for each semester based on calculations that require the entire academic year (fall/spring/summer). Currently, institutions do pro-rate Pell grants and loans for undergraduates with undergraduate loan limits that are below the overall cost of attendance (COA). There is a bigger issue with graduate students who will no longer be able to borrow up to the COA and don't have other options to fill the gap, unless institutions lower tuition/fees or private lenders come to the table to provide loans.
- In the previous scenarios I provided, I used undergraduate FT status, but graduate loan limits, so I have revised them to help demonstrate how the draft regulations will significantly impact graduate students who are more likely to move between PT and FT status during an academic year. It will also impact the ability of financial aid offices to address enrollment changes that impact loan eligibility.

For all scenarios:

- Program is graduate (\$20,500/Annual Loan Limit) and not professional (\$50,000/Annual Loan Limit)
- Program is an MSW program at a state institution that starts in Fall 2026
- Student is a state resident and intends to be FT and reports it as such to the financial aid office.
- Student intends to borrow up to the maximum amount allowable and does not have other sources of financial aid or income because the program does not allow students to work while enrolled.
- FT for the program is 18 credits/annual
- Program Length is 2 years
- Tuition and Fees are \$6,303 a semester; Total COA is \$16,635 a semester

Scenario 1a: (FT Baseline)

- 9 credits in the fall; 9 credits in the spring
- Student is eligible for loans up to \$10,250 in the fall & \$10,250 in the spring
- Just need numbers confirmed

Scenario 1b: (PT Baseline)

- Exception to the above parameters to confirm a planned less than FT baseline
- 6 credits in the fall; 6 credits in the spring
- Under the proposed regulations, the student is 66% for the year
- Student is eligible for loans up to \$6,867.50 for the fall & \$6,867.50 in the spring
- Just need numbers confirmed

Scenario #2a:

- 9 credits in the fall; Student is eligible for \$10,250
- Student has a medical emergency on December 31 and can only take 3 credits in the spring
- Under the proposed regulations, the student is now 67% for the year, and only eligible for \$3,403 in the spring based on the fact that the student AY eligibility decreased to 67% of FT, or \$13,653. Since \$10,250 was already issued in the fall, they could only take out \$3,403 in the spring, or else they would be over the annual loan limit for a less than FT enrolled student.
- Just need numbers confirmed

Scenario #2b:

- 9 credits in the fall; Student is eligible for \$10,250
- Student has a medical emergency on December 31 and can only take 3 credits in the spring
- Under the new formula, student is only eligible for \$3,403 in the spring (see above)
- Student receives approval from the institution to catch up to FT status and take 6 credits in the summer
- Question: Since the student is now officially FT for the year, can they borrow up to \$6,847 for the summer, which is still within the \$20,500 annual limit.

Scenario #3a:

- Using the parameter for a PT student as illustrated in 1b
- Student intends to take 6 credits in the fall and 6 credits in the spring (67% of FT)
- Student is eligible for loans up to \$6,867.50 in the fall
- Student meets with school who approves that the student can take 12 credits in the spring to catch up to the FT pace of the program

- Question: Since the student is now officially FT for the year, can they borrow up to \$13,632.50 for the spring, which is still within the \$20,500 annual limit?

Scenario #3b:

- Using the parameters for a PT student as illustrated in scenario 1b
- Student intends to take 6 credits in the fall and 6 credits in the spring (66% of FT)
- Student is eligible for loans up to \$6,867.50 for the fall & \$6,867.50 in the spring
- Student receives program approval to take 6 credits in the summer to catch up, meaning the student is now FT for the academic year.
- Question: Since the student is now officially FT for the year, can they borrow up to \$6,765 for the summer, which is still within the \$20,500 annual limit?

In addition, one of the institutional financial aid directors I met with indicated that 17% of their undergraduates take 18 or more credits per semester. If the undergraduate baseline for FT status is 12 credits a semester, or 24 credits for the year, if the student decides to only take 6 credits in the spring, Pell calculations require that the student receive a pro-rated amount, but the proposed Less Than FT Enrollment regulations indicate that the student would still be able to borrow up to the undergraduate loan limit for the spring, even though they are technically listed as PT.