

## **IMPORTANT NEWS - FEDERAL LOANS!**

**NEW! Graduate students are no longer eligible for Federal Direct Subsidized Loans for the 2012 - 2013 academic year.** The Budget Control Act of 2011, signed into law on August 2, 2011, eliminated the Federal Direct Loan subsidy for graduate and professional students effective July 1, 2012. As a result, Spring 2012 will be the last term graduate students may be eligible to receive Federal Direct Subsidized Loans.

**NEW! All Federal Direct Loans originated after July 1, 2012 will have an increased Origination Fee.** The Budget Control Act of 2011, signed into law on August 2, 2011, eliminated the upfront rebate for all Federal Direct Loans. Starting Summer 2012, Federal Direct Subsidized and Unsubsidized loan disbursements will have a 1% origination fee and Federal Direct PLUS Loans will have a 4% origination fee applied at disbursement.

**NEW! Undergraduate borrowers will begin accruing interest on new loans during the six month grace period.** The Consolidated Appropriations Act of 2012, dated December 14, 2011, initiated Federal Direct Subsidized Loan interest to begin accruing during the six-month grace period for all loans originated from July 1, 2012 through June 30, 2014.

**PROPOSED! Interest rates for the undergraduate Federal Direct Subsidized Loans can go from 3.4% to 6.8%.** Please stay tuned for further updates and contact your Legislators to share your thoughts regarding the proposed increase.

**PROPOSED! 2012 - 2013 Pell Grant Funding - maximum remains unchanged, nominal change in minimum Pell and Lifetime Limit Instituted.** The Consolidated Appropriations Act of 2012, effective July 1, 2012, states for 2012 -2013, the Maximum Pell Grant remains unchanged at \$5550.

The Minimum Pell Grant - Students who qualify for less than 10% of the maximum scheduled award will be ineligible for Pell Grant funds. This means that *some* students who previously were eligible for lesser sums of Pell Grant funds no longer will be eligible.

Basically, this change means that an Expected Family Contribution (EFC) of 4,995 is now the maximum EFC that a student's Student Aid Report (SAR) can reflect for that student to be eligible for Pell Grant funding; whereas, previously, the EFC was at 5273.

The Department of ED's system initially calculated Pell Grant eligibility based on prior-year figures. Thus, the initial scheduled award indicated on the SAR for some students will be incorrect. ED will later reprocess that eligibility based on a revised EFC and issue revised SARs.

Lifetime Pell Grant – Effective July 1, 2012  
Current Provisions - 18 semesters of scheduled awards  
New Provisions - 12 semesters of scheduled awards

Implications/considerations:

12 semesters generally would equal four to six years of undergraduate enrollment.

*A student who attends a semester as a half-time student is "counted" as having used only half of a semester of Pell Grant limits.*