



Determining Aggregate Loan Limits for Undergraduate Students with Graduate Level Loans

This article clarifies why NSLDS may flag a student as exceeding FFEL/Direct Loan aggregate limits when a student has:

1. Borrowed as a graduate or professional student
2. Then wants to borrow again as an undergraduate

What is the policy with regard to students who return to an undergraduate program after receiving loans as a graduate student?

Existing policy provides that:

If a student who had received loans as a graduate student returns to school as an undergraduate, only those loans that the student received as an undergraduate are included in determining the student's remaining undergraduate loan eligibility.

Therefore, if the total amount received as an undergraduate student does not exceed undergraduate loan limits, upon returning to an undergraduate program a student may receive additional loans, up to the undergraduate aggregate limits. Of course, while loans received for graduate study are not counted toward a student's undergraduate aggregate loan limit, loan amounts received for both undergraduate and graduate programs may not exceed aggregate loan limits for a graduate student. Information about aggregate loan amounts can be found in the *Federal Student Aid Handbook*, Volume 8, Chapter 3, Determining the Loan Period and Amounts.

Why does NSLDS flag some students who return as undergraduates after they borrowed at the graduate/professional level?

When calculating aggregate loan limits NSLDS uses the academic level for the most recent loan that has been reported. Students returning to an undergraduate program after receiving loans as a graduate student may appear to be flagged as being over their aggregate limits when in fact, as explained above, they have remaining undergraduate eligibility.

For example, consider a student who has total outstanding balances on subsidized loans of \$30,000, consisting of \$17,000 that was borrowed at the undergraduate level and \$13,000 that was borrowed at the graduate level. Currently, if the loan most recently reported to NSLDS shows an undergraduate academic level, NSLDS, when determining if the student has exceeded the subsidized maximum, will use the undergraduate aggregate limit of \$23,000. Thus, NSLDS will set the subsidized loan aggregate flag,

warning that the student is over the subsidized limit. However, in this instance, the student actually has \$6,000 remaining eligibility for subsidized loans as an undergraduate (\$23,000 less \$17,000 received as an undergraduate).

Financial aid administrators who have students in situations like this should consider only the amount borrowed at the undergraduate level to determine remaining eligibility for subsidized loans. Additional loans may then be awarded based on the remaining eligibility even though NSLDS continues to flag the student as being over the aggregate limit. Of course, similar situations exist with regard to total aggregate eligibility where the undergraduate maximum is \$46,000 but may appear to be exceeded as a result of loans received as a graduate student.

Will NSLDS be able to make adjustments in cases where a current undergraduate student received loans as a graduate student?

Beginning with the 2004-05 processing year (January 1, 2004), NSLDS as part of its monitoring of aggregate loan limits, will make any needed adjustments when an undergraduate student had previously received loans as a graduate student. This enhancement should dramatically reduce the instances where students are mistakenly being flagged as exceeding undergraduate loan limits because of loans received as graduate students.

Disability Discharge Codes

Regulatory changes for total and permanent disability discharges in the Federal Perkins Loan, Federal Family Education Loan (FFEL), and William D. Ford Federal Direct Loan programs have raised questions from the financial aid community regarding the way NSLDS discharge codes are assigned. This article explains how NSLDS assigns loan discharge codes that are displayed on a student's financial aid loan history.

NSLDS assigns the following disability discharge codes:

- D = Death
- R = Reaffirm
- C = Conditional
- P = Permanent
- M = Multiple

NSLDS displays the disability discharge code at the *loan detail level* and *borrower level*.

At the *loan detail level*, the displayed disability discharge code may vary depending on how the loan was reported, the appropriate loan status code, and its "as of date." The disability discharge code at the borrower level is then determined from the codes assigned at the loan detail level.

At the loan detail level, description of the disability discharge codes are as follows:

Discharge Code	Explanation
D (Death)	Loan has a loan status code of deceased (DD or DE) or for a Perkins Loan has a cancellation for death code of PD*
R (Reaffirm)	Loan has a status code of disabled (DI or DS) and the loan status date is on or after July 1, 2001, but before July 1, 2002, OR is a Perkins Loan with a cancellation for disability code of PI* and the loan cancellation date is on or after July 1, 2001, but before July 1, 2002
C (Conditional)	Loan has a status code of disabled (DI or DS) and the loan status date is on or after July 1, 2002, OR is a Perkins Loan with a cancellation disability code of PI* and the loan cancellation is on or after July 1, 2002
P (Permanent)	Loan has a status code of disabled (DI or DS) and the loan status date is before July 1, 2001, OR is a Perkins Loan with a cancellation disability code of PI* and the loan cancellation is before July 1, 2001

* Currently, Perkins cancellation codes are not displayed on a student's financial aid loan history at www.nslsdfap.ed.gov.

At the *borrower level*, NSLDS determines the disability discharge codes as follows (starting with the order of precedence):

Discharge Code	Explanation
D (Death)	If the borrower has one or more loans with a D (Death) disability discharge code
R (Reaffirm)	If the borrower has one or more loans with an R (Reaffirm) disability discharge code
C (Conditional)	If the borrower has one or more loans with a C (Conditional) disability discharge code
P (Permanent)	If the borrower has one or more loans with a P (Permanent) disability discharge code
M (Multiple)	If the borrower has one or more loans with a C (Conditional) disability discharge code and one or more loans with a P (Permanent) disability discharge code
N (None)	None

Guidance and further information on the disability discharge procedures and the updated Federal regulation can be found at www.ifap.ed.gov in the Dear Colleague letter, GEN-02-03.

New Electronic Cohort Default Rate Notification Process—eCDR

One of the primary functions of NSLDS is the computation of school Cohort Default Rates (CDRs) for the FFEL and Direct Loan programs. Every year schools participating in FFEL or Direct Loans are evaluated to determine the percentage of the school's borrowers who entered repayment during a Federal fiscal year (e.g., in the same cohort) who had defaulted before the end of the next Federal fiscal year.

Under the new electronic CDR (eCDR) process, NSLDS delivers CDR notification packages twice a year (draft and official) to domestic schools via their Student Aid Internet Gateway (SAIG) mailboxes. Each eCDR package includes (1) a cover letter (message class SHDRLROP), (2) the school's loan record detail information in a reader-friendly format (message class SHCDRRROP), and (3) the school's loan record detail information in an analysis-friendly extract format (message class SHCDREOP). The first deployment of the new eCDR notification process was highly successful. In February 2003, NSLDS, using the SAIG, transmitted Fiscal Year 2001 Draft eCDR notification packages to over 2,700 institutions that had signed up for eCDR.

Participation in the eCDR process by domestic institutions is now mandatory. As of June 1, 2003, each domestic institution should have designated a SAIG destination point that will receive the institution's eCDR notification package. This requirement was announced in a notice published in the *Federal Register* on February 25, 2003, and in a Dear Colleague Letter (GEN-03-5) both of which can be found on IFAP at <http://www.ifap.ed.gov>. Institutions must establish the eCDR destination point through the SAIG enrollment form available at www.fsawebenroll.ed.gov. If your institution has not established an eCDR destination point, visit the SAIG website and enroll today.