



Summary

This newsletter discusses NSLDS changes implemented in January 2006 that provide for a more accurate determination of a student's Federal Student Aid eligibility and reduce burden on institutions. First, beginning January 1, 2006, NSLDS began evaluating the components of consolidation loans in both the FFEL and Direct Loan programs the same way. Second, those evaluations exclude any "unallocated" portion of the outstanding principal balance of a consolidation; financial aid administrators (FAAs) are no longer required to evaluate such unallocated amounts. A comprehensive discussion of these changes follows. In addition, a discussion of aggregate loan limit evaluations and the use of "pending" loan disbursements also follows. Lastly, web change details are discussed.

Consolidation Loans and Aggregate Calculations

FFEL Consolidation Loans

Prior to January 2003, FAAs were responsible for determining the portions of an FFEL Consolidation Loan (CL) that needed to be included as subsidized, unsubsidized, and combined for purposes of calculating a student's total aggregate FFEL and Direct Loan outstanding principal balances.

In order to assist FAAs with their FFEL Consolidation Loan calculations, beginning in January 2003, NSLDS began to allocate the outstanding balances of FFEL Consolidation Loans into subsidized, unsubsidized, and combined portions based upon a review and evaluation of the underlying loans that were included in the FFEL Consolidation Loan. Thus, a proportionate share of the outstanding balance of a FFEL Consolidation Loan that represented subsidized loans would be calculated. As would a proportionate share of the outstanding balance of a FFEL Consolidation Loan that represented unsubsidized loans. Any portion of the outstanding balance of a FFEL Consolidation Loan that NSLDS identified as representing underlying loans that do not count as subsidized or unsubsidized (e.g.; Perkins Loans, PLUS loans), are excluded from the calculation. NSLDS displays the resulting amounts, added to any other open FFEL or Direct Loan balances, in the Aggregate Loan Information section of the Loan History page on the NSLDS Web site, and sends them to CPS for display on the student's ISIR.

Direct Consolidation Loans

Since Direct Consolidation Loans, unlike FFEL Consolidation Loans, are reported to NSLDS by Direct Loan Servicing as being either subsidized (D6) or unsubsidized (D5), NSLDS did not perform a process similar to the one described previously and simply reported the amount of the Direct Consolidation Loan into the respective aggregate total. However, this reporting did not always accurately represent the actual portions of the Direct Consolidation Loan that count toward the borrower's aggregate loan limits. For example, some portions of a Direct Subsidized Consolidation Loan should be excluded from the calculation of aggregate subsidized balances (e.g.; capitalized interest, Perkins Loans) and some portions of a Direct Unsubsidized Consolidation Loan (e.g.; capitalized interest, HHS loans, PLUS loans) should be excluded from the calculation of aggregate unsubsidized balances.

Therefore, as of January 2006, NSLDS calculates the portions of Direct Consolidation Loans (D5 and D6) in the same manner as it does for FFEL Consolidation Loans, including the modifications discussed below.

Unallocated Amounts

While the processes described above generally worked well, there are instances when NSLDS cannot account for all of the outstanding balance of a FFEL Consolidation Loan. NSLDS reports such amounts as "unallocated" on the NSLDS web screens and on ISIRs. Again, FAAs were asked to investigate and attempt to determine if all or some of the unallocated amounts should be included as subsidized, unsubsidized, or combined.

Aggregate Loan Balance Evaluation

At the request of the school and FFEL community we performed a careful analysis of the issue of unallocated amounts. We reviewed the frequency of unallocated amounts and when they actually impacted a student's eligibility. We also reviewed the reasons for unallocated amounts (e.g.; capitalized interest, HHS loans, unreported and misreported loans). Based upon these reviews, we determined that there was no value in having an unallocated amount included in the NSLDS calculations of the aggregate outstanding principal balances that are used to determine a student's eligibility for additional aid. In fact, our research showed that in many instances, the inclusion of an unallocated amount was contrary to the rules for determining total outstanding balances for a student – for example when the unallocated amount represented capitalized interest or an HHS loan.





Underlying Loans

For all of the reasons discussed here, as of January 2006, NSLDS, while continuing to report (on web pages and on ISIRs) unallocated amounts, does not use unallocated amounts when calculating aggregate subsidized, unsubsidized, and combined outstanding principal balances. Nor are FAAs required to investigate whether an unallocated amount might impact a student's eligibility for additional aid. This change to the FAA requirement is effective immediately. For system reasons, NSLDS did not make this change to 2005-2006 ISIRs.

Underlying Loans

The previous discussions refer a number of times to the underlying loans of a consolidation loan. The following provides a review of the process by which NSLDS identifies underlying loans.

The rules when determining underlying loans of a FFEL Consolidation Loan (CL) have not changed and similar rules are now used for Direct Consolidation Loans (D5, D6). An underlying loan is a loan in the borrower's financial aid history with a Loan Status Code that shows that it was paid (Loan Status Code of PC, PN, DP, PF, or DN) and the Loan Status Date is within 210 days (before or after) of the date that a consolidation loan was made.

In cases where a consolidation loan has been reported to NSLDS less than 60 days from the current date and there are no loans that have been reported as having been paid, NSLDS does not include the consolidation loan in the borrower's aggregate calculations. This avoids possible "double counting" of both the underlying but not yet paid loans and the new consolidation loan. However, if at least one underlying loan was paid, the calculations will include the consolidation loan.

Similarly, in the event that there are loans in the borrower's history that have been reported as having been "paid" through consolidation (Loan Status Code of PC, PN, DN) but the new consolidation loan has not yet been reported, NSLDS will, for a period of 60 days, continue to include those underlying loans in its calculations until the consolidation loan is reported.

Loan Balance Evaluation

Undergraduate and Graduate

NSLDS monitors aggregate loan amounts for undergraduate and graduate students independently of each other. When determining if an undergraduate student has exceeded aggregate limits, NSLDS does not include any loans that may have been taken out by the student for graduate study. However, for a graduate student, loans taken out for both undergraduate study and graduate study are counted to determine if the borrower has exceeded aggregate limits for graduate students.



Web Changes

Note that a student who is currently a graduate student can be flagged for exceeding an undergraduate aggregate loan limit even though they are currently a graduate student, if the student received more undergraduate loans than she or he was eligible for as an undergraduate. Note that NSLDS determines a student's grade level to be the grade level on the borrower's most recent loan as reported to NSLDS and not the applicant's self-reported FAFSA/ISIR data.

When monitoring a dependent student's \$23,000 aggregate loan limit, NSLDS excludes any amount of an unsubsidized loan that appears to be the result of a PLUS denial. New in 2006-2007, NSLDS also excludes any portion of a Consolidation Loan (CL, D5) that appears to be an underlying loan resulting from a PLUS denial.

A Close or Equal to Loan Limit flag (C) displays when a borrower's aggregate loan balance is within one annual loan amount of the appropriate aggregate loan limit. An Exceeds Loan Limit flag (E) displays when the borrower currently has loans in excess of the appropriate aggregate loan limit. Pending Disbursements are now included when determining the values of these flags.

Loan History Page

Because of the changes discussed previously regarding underlying loans and unallocated amounts, the FFEL Consolidation Loans row has been removed from the Aggregate Loan Information section of the NSLDS web pages to reduce confusion and to maintain consistency with the information passed to CPS for inclusion on the ISIR.

Also, because unallocated amounts are calculated for both FFEL and Direct Consolidation Loans, the unallocated row label was renamed to remove the FFEL acronym.

To reflect that the unallocated amount is no longer considered when determining a student's combined loan balance, the row order for the Aggregate Loan Information was changed. Consolidation Loans, Unallocated is now displayed after the Combined Loans total.

Loan History



Aggregate Loan Information

Loan Type	Outstanding Principal Balance	Pending Disbursements	Total
Subsidized Loans	\$13,074	\$0	\$13,074
Unsubsidized Loans	\$11,587	\$0	\$11,587
Combined Loans	\$24,661	\$0	\$24,661
Consolidation Loans, Unallocated	\$15,616		\$15,616
Perkins Loans	\$3,000		\$3,000

**FFEL Consolidation
Loan Detail**

Loan Detail Page

Again, because unallocated amounts are reported for both FFEL and Direct Consolidation Loans, the FFEL Consolidation, Unallocated Agg. OPB label is now listed as Consolidation, Unallocated Agg. OPB.

The rows have also been reordered to show that the unallocated portion is not part of the Calculated Combined Agg. OPB.

 Details for Loan 5		
Loan Type:	CL - FFEL CONSOLIDATED	
Loan Period Start:	N/A	Academic Level: N/A
Loan Period End:	N/A	Data Provider Loan ID: N/A
Date Entered Repayment:	10/27/2004	Separate Loan Ind: B
Borrowed at OPEID:	N/A	Interest Rate: 3.75% FIXED
Borrowed at Name:	N/A	

 Amounts for Loan 5		
	Date	Amount
Loan:	10/27/2004	\$2,898
 Outstanding Principal Balance:	10/31/2005	\$2,898
 Outstanding Interest Balance:	10/31/2005	\$110
Calculated Subsidized Agg. OPB:		\$2,614
Calculated Unsubsidized Agg. OPB:		\$284
Calculated Combined Agg. OPB:		\$2,898
Consolidation, Unallocated Agg. OPB:		\$0
Other Fees:		\$0

Direct Unsubsidized Consolidation Loan Detail

Direct Subsidized Consolidation Loan Detail

Loan Detail Page – Continued

Now that aggregate loan calculations are done for Direct Consolidation Loans (D5, D6), NSLDS displays the calculated results on the Loan Details page.

Details for Loan 2

Loan Type:	D5 - DIRECT CONSOL UNSUB		
Loan Period Start:	N/A	Academic Level:	N/A
Loan Period End:	N/A	Data Provider Loan ID:	N/A
Sched. Repayment Date:	06/18/2006	Separate Loan Ind:	G
Borrowed at OPEID:	N/A	Interest Rate:	6.38% FIXED
Borrowed at Name:	N/A		

Amounts for Loan 2

	Date	Amount
Loan:	07/15/2005	\$10,347
Outstanding Principal Balance:	07/15/2005	\$10,347
Outstanding Interest Balance:	10/31/2005	\$196
Calculated Unsubsidized Agg. OPB:		\$9,524
Consolidation, Unallocated Agg. OPB:		\$823
Other Fees:		\$0

Details for Loan 3

Loan Type:	D6 - DIRECT CONSOL SUB		
Loan Period Start:	N/A	Academic Level:	N/A
Loan Period End:	N/A	Data Provider Loan ID:	N/A
Sched. Repayment Date:	06/18/2006	Separate Loan Ind:	F
Borrowed at OPEID:	N/A	Interest Rate:	6.38% FIXED
Borrowed at Name:	N/A		

Amounts for Loan 3

	Date	Amount
Loan:	07/15/2005	\$29,467
Outstanding Principal Balance:	07/15/2005	\$29,467
Outstanding Interest Balance:	09/30/2005	\$0
Calculated Subsidized Agg. OPB:		\$13,074
Consolidation, Unallocated Agg. OPB:		\$14,793
Other Fees:		\$0

Perkins Loan Detail

Loan Detail Page – Continued

To help identify the Perkins cancellation reason, the cancellation type was added for Perkins loans that have been cancelled.



Details for Loan 10

Loan Type:	PU - FEDERAL PERKINS		
Perkins Cancellation Type:	PB - PERKINS BANKRUPTCY		
Loan Period Start:	N/A	Academic Level:	N
Loan Period End:	N/A	Data Provider Loan ID:	N/A
Date Entered Repayment:	03/02/1973	Separate Loan Ind:	N/A
Borrowed at OPEID:	99999999	Interest Rate:	3.00%
Borrowed at Name:	COLLEGE		

Transfer Student Monitoring and Financial Aid History

TSM/FAH Summary of Changes

The Transfer Student Monitoring (TSM) and Financial Aid History (FAH) batch file and report layouts were changed to reflect the removal of FFEL Consolidation total information and the update to field labels.

Three attributes were also added to the Transfer Student Monitoring Alert/Financial Aid History Detail Batch Record Layout (Type 5–Loan Detail Record):

- Loan Amount
- Loan Date
- Perkins Cancellation Type Code.

Updated TSM/FAH specifications and a complete description of changes can be found in the *Transfer Student Monitoring/Financial Aid History Processes and Batch File Layouts* posted on the IFAP Web site, www.ifap.ed.gov, under NSLDS Reference Materials.

Other Issues

Web Reminders...

As of January 2, 2006, the NSLDS Web site and 2006-2007 ISIRs display information resulting from the 2006-2007 changes discussed previously in this newsletter. However, 2005-2006 ISIRs were not modified. Therefore, when comparing web pages to a 2005-2006 ISIR, FAAs may find differences.

Organization Contacts list on NSLDSFAP.ED.GOV

In order to assist other schools that may have questions about student's data, please remember to update your organization's contact information located on the Org tab under the Org Contact List link. This allows schools to maintain a point of contact (including name, phone number and email address) for a specified function. Guaranty agencies, lenders and other data providers also maintain point of contact information for FAA's to reference. This contact information should only be used by financial aid professionals and should not be given for use by students. Students should refer to <http://www.nsls.ed.gov/> for student organizational contact information.