

Financial Aid Changes to Impact College Students and Families

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Several changes that impact student financial aid eligibility at universities across the nation as well as Oklahoma laws affecting college students in Oklahoma are starting to take effect, and Southwestern Oklahoma State University's Office of Student Financial Services in Weatherford is helping to notify area residents of these changes.

The Budget Control Act of 2011 was passed by Congress and signed into law in August 2011. The law removes the interest subsidy on all graduate student federal loans disbursed on or after July 1, 2012, which means there will not be any subsidized loans for graduate students.

According to SWOSU SFS Director Jerome Wichert, graduate students can still receive unsubsidized Stafford loans but not subsidized loans. Prior to the fall of 2012, graduate students could receive \$20,500 in Stafford loans. Of this amount, \$8,500 could be in the form of a subsidized loan. Beginning in fall 2012, graduate students can receive up to \$20,500 but no part of the loan can be subsidized.

Subsidized Loans are still available to undergraduate students, according to Wichert. Subsidized loans are loans where the interest on the loan is paid for the student while they are in school. Beginning in fall 2012, there will not be an interest subsidy for the six-month grace period after students have graduated or dropped below half time, but payments will still be deferred during the six-month grace period. The interest rates for subsidized and unsubsidized loans disbursed after July 1, 2012, is 6.8% at this time.

For direct loans first disbursed on or after July 1, 2012, borrowers no longer will benefit from an upfront interest rebate of 0.5% of the loan amount for Direct Stafford loans and 1.5 % for Direct PLUS loans. These interest rebates had been granted contingent on borrowers' making their first 12 monthly payments on time. The change in the law does not affect Direct Loan borrowers from receiving an interest rate reduction of 0.25 % if they allow their loan payments to be deducted automatically from their bank accounts.

Changes to the Federal Pell Grant Program limit participants to a total of six years of eligibility. The U.S. Department of Education is currently in the process of notifying students and schools of any student who may be close to having used their six years of federal Pell grant eligibility. SWOSU's office will make adjustments to these awards as necessary and notify the affected students.

The OHLAP/Oklahoma Promise program also has several changes that affect student eligibility. Students who graduate from high school in the spring of 2012 and subsequent high school classes are subject to a second income check of \$100,000.

OHLAP is now requiring any student who signed up for the program in 8th, 9th, or 10th grade to complete the Free Application for Federal Student Aid (FAFSA) prior to entering college so that the family income can be verified to determine the student's eligibility. Any student whose parent's adjusted gross income exceeds \$100,000 will be ineligible to receive Oklahoma Promise. This is a one time check before a student enters college.

Students who are currently receiving OHLAP will have new guidelines that measure Satisfactory Academic Progress (SAP). This means that all OHLAP recipients will be required to meet the federal satisfactory academic progress requirements. For the most part, a student will be required to maintain a 2.0 GPA after attempting 30 college credit hours and complete at least 67% of all classes attempted. A student who has attempted 60 hours and does not have a 2.0 will be permanently ineligible to receive OHLAP. A student must have a 2.5 GPA for hours attempted after 60 hours.

The U.S. Department of Education requires that certain students and parents submit tax documents to SWOSU to verify their eligibility for federal student aid. The Department of Education will no longer let universities accept tax returns. Due to this change, SWOSU encourages students and their parents to import tax data via the import feature on the FAFSA. Individuals may also request tax transcripts from the IRS and submit them to the SFS office. Instructions have been posted for importing tax data and for requesting tax transcripts on the SWOSU [website \(www.swosu.edu/site//Administration/sfs/index.asp\)](http://www.swosu.edu/site//Administration/sfs/index.asp).

Please contact the SWOSU Office of Student Financial Services with any questions related to these changes: 580.774.3786 or by email at sfs@swosu.edu.