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Kindly be advised the current federal government sequestration has affected the processing of 13/14 federal student aid. The federal student aid computer processing system needs time to be modified, tested and reactivated. We have been advised that the federal system is expected to be ready to process 13/14 aid on June 28, 2013.

How does this affect you the student or parent?

Until June 28, 2013, we are unable to send student and parent loan awards to the federal aid system. We also cannot receive information from the federal aid system. We do not know who has completed both required entrance counseling requirements and their loan master promissory notes.

Additionally, under the terms of sequestration, student and parent loan fees will increase. Student direct loan fees increase to .01051 of the loan award per year. Parent direct loan fees increase to .04204 of the parent loan award per year. Since we cannot send loan records to the federal student aid processing system at this time, we are unable to deduct the correct loan fees from student and parent loan awards. The loan awards show on the eBill as “Pending Credits” at their full value. This will be corrected when the processing of 13/14 student loans begins after June 28, 2013.

To estimate the fees to be deducted from a student or parent loan use the following:

- Total student loan times .01051. Subtract this from the loan award to get the net annual disbursement. Divide by two if the award is for 2 semesters.
- Total parent loan times .04204. Subtract this from the loan award to get the net annual disbursement. Divide by two if the award is for 2 semesters.

Examples:

$5500 student loan award * .01051 = $ 57.80. $ 5500 less $ 57.80 = $5442.20 net annual loan. Net loan of $5442.20 divided by 2 = $ 2721.10 net semester loan award.

$10,000 parent loan award * .04204 = $ 420.40. $ 10,000 less $ 420.40 = $ 9579.60 net annual loan. Net loan of $ 9579.60 divided by 2 = $ 4789.80 net semester loan award.

Currently the U.S. House of Representatives is taking action to change the terms of the Direct Loan program. Action by Congress may change the fees calculations above. It is possible that if Congress acts the federal student aid computer processing system may require additional modifications.