Paying for Graduate School: Financial Aid Changes for 2012

Federal Direct Student Loans: Subsidized vs. Unsubsidized

The Federal Budget Control Act was passed August 2011, making graduate students eligible to obtain only unsubsidized federal loans. Below are answers to a few common questions about this change.

Will I receive less loan money to help cover my educational expenses?

The loan amount you receive is always dependent on the information that you report on your Free Application for Federal Student Aid (FAFSA). However, the maximum loan amount per year will continue to be $20,500 for graduate students. After July 1, 2012, any new loans received by graduate students from the federal government will be unsubsidized only.

What do subsidized and unsubsidized mean?

Typically loans, whether federal or private, have interest that accrues for the privilege of receiving the loan. Before this act was passed, graduate students could get both subsidized and unsubsidized loans. With subsidized loans, the federal government paid the interest charged on the loan while students maintained at least half-time enrollment toward their degrees. With unsubsidized loans, the interest accrues and is charged directly to the student for the life of the loan.

When will it effect UNC Charlotte graduate student accounts?

The Federal Budget Control Act applies to all loans disbursed on or after July 1, 2012. The federal government will continue to pay interest on subsidized loans made prior to July 1, 2012, as long as the student is enrolled at least half-time.

Who qualifies for unsubsidized federal loans?

Doctoral, master’s, and certificate seeking students enrolled in a minimum of 3 graduate-level credit hours. Postbaccalaureate and international students are not eligible.

How will my loans be affected if I take undergraduate courses?

Graduate students must take at least 3 graduate-level credit hours to receive unsubsidized federal loans.

What will be the interest rate of the unsubsidized loans?

Unsubsidized loans for 2012-13 have an interest rate of 6.8%.

Repeating Courses

The U.S. Department of Education has made some changes that may impact students repeating courses. As of spring 2012, courses completed with a grade of D or better can only be repeated and covered by federal financial aid once. Students will not receive federal financial aid for a course being repeated for a third time.

What if I am taking thesis or dissertation credits repeatedly?

Several courses do not fall under these regulations because they have been designed to be repeated. Thesis and dissertation credits are designated as repeatable and are not subject to this change.

What happens if I attempt a course but withdraw before receiving a grade?

Courses that have not been taken to completion are not subject to this change. However, repeatedly taking courses and not finishing them can affect whether a student is making satisfactory academic progress. Eventually, unsatisfactory academic progress may affect a student’s ability to receive federal financial aid.

Satisfactory Academic Progress (SAP)

Students must demonstrate that they are making satisfactory progress toward degree completion to receive federal financial aid. Graduate students must meet two criteria to maintain Satisfactory Academic Progress (SAP):

1. Maintain cumulative Grade Point Average (GPA) as indicated in the Graduate Catalog for your respective program.
2. Earn at least two-thirds (or 66.6%) of your cumulative attempted credit hours

Due to recent changes in the Higher Education Act of 1965, UNC Charlotte will review SAP each semester for students receiving federal financial aid, effective for the 2011-2012 academic year. More information on SAP policies can be found on the Office of Student Financial Aid website at http://finaid.uncc.edu/SAP-Info.html.

How can I get more information about financial aid and changes that might affect eligibility?

Please visit the Office of Student Financial Aid website at http://finaid.uncc.edu/, visit them at 122 Reese building, or call 704-687-2461.