

On July 6, 2012, the President signed the Moving Ahead for Progress in the 21st Century Act (MAP-21) into law. MAP-21 included two changes to the William D. Ford Federal Direct Loan (Direct Loan) Program. Specifically, MAP-21 amended section 455 of the Higher Education Act of 1954, as amended (HEA) to extend the 3.4 percent fixed interest rate that applies to Direct Subsidized Loans made to undergraduate students to loans for which the first disbursement is made before July 1, 2013. Second, the law placed a limit on Direct Subsidized Loan eligibility for new borrowers on or after July 1, 2013. Specifically, a new borrower on or after July 1, 2013 is no longer eligible to receive additional Direct Subsidized Loans if the period during which the borrower has received such loans exceeds 150 percent of the published length of the borrower's educational program. Additionally, the borrower becomes responsible for accruing interest on any Direct Subsidized Loan made to the borrower on or after July 1, 2013 if he or she is enrolled after reaching this 150 percent limit.

### **Section 685.304 –Counseling borrowers**

The regulations implement the statutory requirement that significantly limits a borrower's eligibility for Direct Subsidized Loans and potentially results in the borrower becoming responsible for accruing interest on existing Direct Subsidized Loans. Under section 485(l) of the HEA, which requires that borrowers be provided with entrance and exit counseling on the provisions governing federal student aid, institutions will be required to revise the entrance and exit counseling provided to borrowers.

Entrance counseling under §685.304(a)(6)(xiii) will require institutions to explain: (1) the limitation on eligibility for Direct Subsidized Loans and the possibility that the borrower will become responsible for accruing interest, as described in §685.200(f); (2) the possible loss of eligibility for additional Direct Subsidized Loans;(3) how a borrower's maximum and remaining eligibility periods and subsidized usage period are determined; (4) the possible borrower responsibility for accruing interest on previously received Direct Subsidized Loans; (5) the borrower's responsibility for payment of all accruing interest on Direct Subsidized Loans during in-school, grace, and periods of authorized deferment; (6) and the impact of borrower responsibility for accruing interest on the borrower's total debt.

Exit counseling under §685.304(b)(4)(xii) will require institutions to explain:(1) how maximum and remaining periods of eligibility and subsidized usage periods are determined under §685.200(f); (2) the sum of the borrower's subsidized usage periods, as determined under §685.200(f)(1)(iii) following enrollment in or completion of the borrower's most recent educational program; (3) the consequences of continued borrowing or enrollment, including the possible loss of eligibility for additional Direct Subsidized Loans and the possibility that the borrower could become responsible for accruing interest on previously received Direct Subsidized Loans and the portion of a Direct Consolidation Loan that repaid a Direct Subsidized Loan, even during in-school periods, grace periods and periods of deferment, as described in §685.200(f); (4) the impact of the borrower becoming responsible for accruing interest on total student debt; (5) that the Secretary will inform the student borrower of whether he or she has become responsible for accruing interest on his or her Direct Subsidized Loans; (6) and that the borrower can access NSLDS to determine whether the borrower has become responsible for accruing interest on his or her Direct Subsidized Loans, as provided in §685.200(f)(3).

There is burden associated with entrance and exit counseling for borrowers, who are required to complete entrance counseling by virtue of their participation in the Title IV loan programs.

We estimate that each entrance counseling interview will take 2 additional minutes (0.03 hours) per borrower to complete and estimated that number of borrowers who took entrance counseling in the last award year as 2,723,751. Therefore, we estimate that burden will increase by 81,713 hours (2,723,751 borrowers multiplied by 1 interview per borrower multiplied by 0.03 additional hours per interview). We estimate that each exit counseling interview will take an additional 3 minutes (0.05 hours) per borrower to complete and estimated the 2,699,275 borrowers took exit counseling in the most recently completed award year. Therefore, we estimate that burden will increase by 134,964 hours (2,699,275 borrowers multiplied by 1 interview per borrower multiplied by 0.05 additional hours per interview).

### TOTALS

Responses	5,423,026
Respondents	5,423,026
Burden Hours	216,677