

Will Federal Sequestration Change Student Financial Aid at Rice?

Congress passed the Budget Control Act of 2011, which put into place automatic across-the-board federal budget cuts, known as a “Sequester,” which began in March 2013. There have been many media reports concerning the negative impact on federally-funded student financial aid. Fortunately, the only impact on need-based student financial aid at Rice will be minimally increased student loan fees.

Here is how the budget cuts will impact student financial aid at Rice:

Minimal Increases in Direct Loan Fees

- The terms of the sequester increase the loan fees charged to Direct Loan borrowers for Direct Subsidized, Direct Unsubsidized and Direct PLUS loans. For loans where the first disbursement is made on or after October 1, 2014 and before October 1, 2015 –
- For a Direct Subsidized or Direct Unsubsidized Loan, the loan fee will increase from 1.051% of the principal amount of a loan to 1.073%. For example, the fee on a \$5,500 loan will be \$59.01 (truncated to nearest cent, not rounded).
- For Direct PLUS Loans made to graduate/professional students and parent borrowers, the loan fee will increase from 4.204% to 4.292%. For example, the fee on a \$10,000 PLUS Loan will be \$429.20.

Interest Rates on Direct Loan Program

- On July 1st, borrowers will be able to view the interest rates for the 2015-2016 academic year at:
<http://www2.ed.gov/offices/OSFAP/DirectLoan/student.html>. Interest rates typically change on July 1st each year, and this year’s change may not necessarily be impacted by the Sequester.

Direct Subsidized Loan Time Limitation

- For details regarding Direct Subsidized Loan time limitation for first time borrowers can be found at:
<http://financialaid.rice.edu/uploadedFiles/051613DirectSubsidizedLoanLimit150PercentAnnounce1Attach.pdf>.