

# **GRAD PLUS—Seven months and counting**

Carrie Steere-Salazar

UCSF

January 2007



# Some Background

- Enacted February 8, 2006
- opened up existing PLUS program to graduate students; didn't change other PLUS regulations
- For G-PLUS loans certified on or after July 1, 2006
- No limit on G-PLUS amount, other than COA less other financial aid (EFC not a factor)

# What's in a name?

- It still says Parent Loan
- Will there be a new application specifically for graduate students?

## Some more background

- Still required to have student complete FAFSA
- Schools still need to award sub/unsub first
- G-PLUS is not included in aggregate loan limits

## What's the right thing to do?

- Student does not have to accept Stafford, but why wouldn't he/she do so?
- No requirement for Entrance/Exit interview
- Plus loans are not included in schools cohort default rate

# Emerging Issues

- DL and FFEL schools and deferment/ repayment: different answers to some questions
- Students enter repayment if they are not in school— what about summer bridge deferments?
- Need to send summer enrollment data
  - Clearinghouse
  - NSLDS

# Things to consider

- Understanding interest capitalization policies for PLUS is a must!
- Will DL/FFELP lenders capitalize interest at the conclusion of any “bridge” period?
- The co-payable issues if you get paper checks
  - Must remember to endorse funds

## And a few more things

- Students enter repayment the minute they graduate or leave school
- Alignment of GPLUS and other loans is an important issue
- negotiated rulemaking

# Credit Issues

- Must be “credit ready”
- Some students denied
- Would have qualified under regular “credit worthy” criteria
- Automatic second look versus appeal process
- Getting private loans instead

# Debt Implications

- Ease of federal loans
- Repayment options attractive
- Interest rate is fixed
- Will students choose PLUS when they would not have borrowed an alternative loan?

# UCSF example

- Alternative loans in 2005-06 for MEPN
  - \$753,186
- PLUS loans in 2006-07 for MEPN
  - \$937,613
- Difference in cost not significant
  - \$51,725 versus \$52,376; less than **2%** increase
  - Increase in borrowing; greater than **24%** increase

## Next Steps/future plans

- Improve Clearinghouse and NSLDS reporting for summer enrollment
- Target high-use PLUS populations with debt counseling
- Integrate increased unsub limits in 2007-08 before certifying any G-PLUS