

Department of Education's Experiment 6

Direct Loan Program – Limiting Unsubsidized Loan Borrowing

The U.S. Department of Education (DOE) has given Atlanta Metropolitan State College (AMSC) the authority to limit the amount of unsubsidized loans that certain groups of students can borrow.

Direct Loan Program--Limiting unsubsidized loan amounts.

The experiment would allow an institution to establish a written policy where for students enrolled in a particular educational program or on some other categorical basis (e.g., students living at home or first-time freshmen), it would reduce by at least \$2,000 (the amount of the most recent statutory increase) the amount of an unsubsidized Direct Loan that the otherwise eligible student would receive, or eliminate the unsubsidized Direct Loan completely.

To participate in this experiment, AMSC has decided to limit the following groups to subsidized loan borrowing (max \$3500 or \$4500) only. These groups are:

- (1) Students in violation of SAP who are on 'Warning' or an 'Approved Probation'
- (2) All Freshmen students (students with < 30 earned credits)
- (3) All students with less than a 2.3 cumulative GPA

As a participant in this experiment, AMSC will be exempt from the following statutory and regulatory provisions:

HEA Section 479A(c) and 34 CFR 685.301(a)(8), to the extent that it only allows a case-by-case reductions in Direct Unsubsidized Loan amounts, and only to the extent that the participating institution reduces a student's Direct Unsubsidized Loan eligibility not less than \$2,000 and establishes a formal, written policy regarding the groups of students that it will subject a reduction in Direct Unsubsidized Loan eligibility.

Contact the Financial Aid Office if you have questions.