OCAP LOAN PRORATION DECISION TREE

Start here: ➡️

Is the loan for any of the following?

- Graduate/Professional program
- Parent borrower
- Preparatory coursework
- Teacher certification program

Yes → **Proration of annual loan limit not required.**

No ↓

Is the program of study shorter than one academic year (AY)?

Yes ↓

Compare:

$$\frac{\text{\# of credit or clock hours enrolled}}{\text{\# of credit or clock hours in AY}}$$

To:

$$\frac{\text{\# of weeks enrolled}}{\text{\# of weeks in AY}}$$

Multiply the lesser of the fractions above by the first-year annual loan limits to determine the student's maximum Stafford eligibility.

No ↓

Is the student enrolled in the final portion* of the program?

No → **Proration of annual loan limit not required.**

Yes ↓

Is the program based on credit hours and either standard or SE9W** terms?

No → **Does the final portion of the clock-hour program, non-term program, or non-standard/non-SE9W term program contain fewer credit or clock hours than the school's defined Title IV academic year?**

No → **Proration of annual loan limit not required.**

Yes ↓ (from credit hours question)

Does the final portion of the program consist of fewer terms than the school's defined Title IV academic year?

No → **Proration of annual loan limit not required.**

Yes ↓

Yes ↓ (from clock-hour question)

Calculate:

$$\frac{\text{\# of credit or clock hours remaining}}{\text{\# of credit or clock hours in AY}}$$

↓

Multiply the fraction above by the annual maximum base Stafford loan amount and the annual maximum additional unsubsidized Stafford loan amount for the student's grade level to determine the student's prorated loan eligibility.

Oklahoma College Assistance Program

See back for sample calculations ➡️
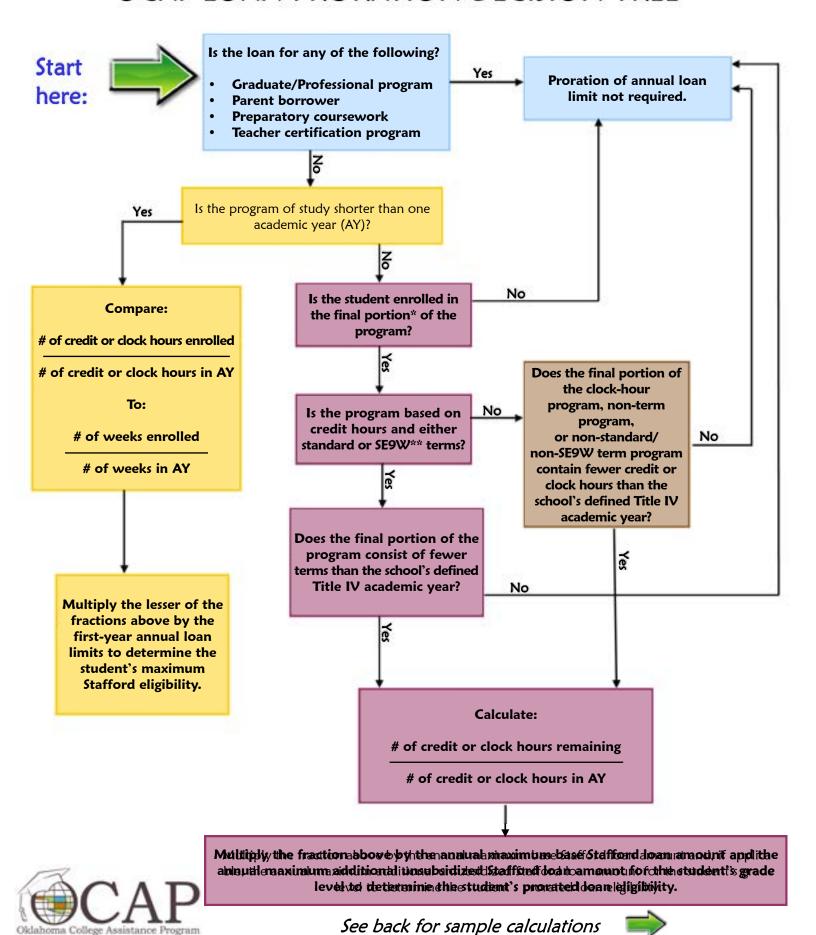
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*The "final portion" of the program is defined as a period that begins when the student enters a new Standard Academic Year or Borrower-Based Academic Year, as applicable, and ends when the student is expected to complete the program of study.

** SE9W – nonstandard terms that are substantially equal *and* at least nine weeks of instructional time in length.

OCAP LOAN PRORATION EXAMPLES

Programs Shorter than an Academic Year:

A dependent student is enrolled in a 14-week program at a career technology center (CTC). The CTC defines the academic year as a period of 26 weeks, in which a full-time student is expected to complete 900 clock hours. The dependent student is enrolled in a program that consists of 600 clock hours, which is shorter than the school's defined academic year of 900 clock hours.

To determine the maximum prorated Stafford loan amount the dependent student can borrow, 1) divide the number of hours in the program by the number of hours in the defined academic year, and 2) divide the number of weeks in the program by the number of weeks in the defined academic year. 3) Multiply the smaller decimal by the first-year annual base Stafford loan limit and base-plus-additional-unsubsidized limit to get the maximum prorated Stafford loan amount the dependent student can borrow for the program.

1) Clock Hours: 600/900 = 0.67
2) Weeks: 14/26 = 0.54 <smaller decimal>
3) $3,500 X 0.54 = $1,890 maximum subsidized Stafford loan amount
   $5,500 X 0.54 = $2970 total subsidized and unsubsidized Stafford loan amount

This borrower's maximum combined subsidized and unsubsidized Stafford loan amount for the program is $2,970, of which no more than $1,890 may be subsidized.

Remaining Period of Study Shorter than an Academic Year in a Standard Term-Based Program:

An independent, undergraduate student is enrolled at a four-year university that defines the academic year as a period of at least 30 weeks (two semesters), in which a full-time student is expected to complete 24 credit hours. The student has earned enough credit hours to graduate in just one more semester if s/he completes 15 credit hours during the last semester.

Since the remaining period (i.e., semester, in this example) has fewer terms than the school's defined academic year, proration of the loan amount is required. To determine the maximum prorated Stafford loan amount possible for this student, 1) divide the number of credit hours needed by the student to complete the program by the standard number of credit hours in the full academic year. 2) Multiply this result by the fourth-year annual loan limits to get the maximum prorated subsidized and unsubsidized Stafford loan amounts the student can borrow to complete the program.

1) Credit Hours: 15/24 = 0.63
2) $ 5,500 X 0.63 = $3,465 maximum subsidized Stafford loan amount
   $12,500 X 0.63 = $7,875 total subsidized and unsubsidized Stafford loan amount

This borrower's maximum combined subsidized and unsubsidized Stafford loan amount for the remaining period of study is $7,875, of which no more than $3,465 may be subsidized.

If you have questions or need more information, contact OCAP's Compliance and Training department at 405.234.4432 or RepaymentScoop@ocap.org.