Impact of Sequestration on the Federal Student Aid Programs

On August 2, 2011, Congress passed the Budget Control Act of 2011, which put into place automatic federal budget cuts, known as a “sequester,” to take effect if Congress failed to enact legislation to reduce the Federal deficit by March 1, 2013. Because Congress did not act, these budget cuts are now in effect. Below is a summary of the impact of these budget cuts on certain federal student aid programs:

**Direct Loan Program**
While this law does not otherwise change the amount or terms or conditions of Direct Loans, it does raise the loan fee paid by borrowers for Direct Loans first disbursed after October 1, 2014.

- For a Direct Subsidized or Direct Unsubsidized Loan, the loan fee will increase from 1.072 percent of the principal amount of a loan to 1.073 percent. For example, the fee on a loan for $5,500 will be increased by $0.05 from $58.96 to $59.01.
- For Direct PLUS Loans for both parent and graduate student borrowers, the loan fee will increase from 4.288 percent to 4.292 percent. For example, the fee on a $10,000 Direct PLUS Loan will increase by $0.40 from $428.80 to $429.20.

Due to the required changes of the loan origination fees, if your loan award offer was not accepted and disbursed prior to October 1, 2014, the offer has been cancelled. If you are currently enrolled in classes and would like to have the loan(s) reinstated, you must submit the Financial Aid Reinstatement Request. The form can be submitted via fax, email or in person to the Enrollment Services Center.

**Teacher Education Assistance for College and Higher Education (TEACH) Grants**
The TEACH Grant program provides grants to students who are completing, or plan to complete, coursework needed to begin a career in teaching and agree to teach, for at least four complete academic years, in a high-need field at an elementary school, secondary school, or educational service agency that serves students from low-income families. Award amounts for any TEACH Grant that is first disbursed on or after October 1, 2014, must be reduced by 7.3 percent from the award amount for which a recipient would otherwise have been eligible. For example, the yearly maximum award of $4,000 is reduced by $292, resulting in a new yearly maximum award amount of $3,708.

Enrollment Services Center
UT Tyler
3900 University Blvd./Tyler, TX 75799 enroll@uttyler.edu
903.566.7183