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Saying "No" to Drugs

Not enough students are saying "No" to drugs, at least, not on the Free Application for Federal Student Aid (FAFSA). The Department of Education (ED) recently announced that students left the drug conviction question (q28) blank on approximately 20 percent of the 2000-2001 FAFSAs received thus far. That equates to approximately 100,000 students. The blank q28 caused a "C" Flag on these FAFSAs, resulting in delays in awarding aid to the students. Furthermore, many schools expressed concern that ED would require the school to assume the role of inquisitor vis-à-vis q28.

In response to community concerns, on February 24, 2000, ED announced a plan of action "to alleviate...the unintended consequences of students leaving the Drug Conviction Eligibility question (FAFSA Question 28) blank."

ED's Guidelines

Retroactively effective for the 2000-01 award year, ED stated that schools can disregard Student Aid Report (SAR) "C" Flags produced due to a blank q28. Beginning March 6, 2000, blank q28s will no longer receive a SAR "C" Flag.

and deliver Title IV aid provided the student is otherwise eligible.

Students who left q28 blank and have a drug conviction must answer the question. These students can correct q28 by

- Completing and returning Part 2 of the SAR to ED;
- Calling the Student Aid Information Center (1-800-4FED-AID) starting March 10, 2000;
- Logging onto Corrections on the Web (www.fafsa.ed.gov/q28) starting March 10, 2000; or
- Working with a financial aid administrator to make changes via EDEXpress.

Starting March 6, 2000, the SAR comment generated due to a blank q28 was revised to state that "You (the student) left Item 28 blank. IF YOU HAVE A DRUG CONVICTION, you MUST answer Item 28. Your failure to accurately answer this question could result in legal action against you by the U.S. Government." The comment continues by giving the student methods to correct the SAR.

ED also clarified in its announcement that it is the student's responsibility, not the school's, to respond correctly to q28.

Questions

For questions about q28, contact TG Customer Support at (800) 252-9743, ext. 4444, or send an e-mail message to customer.services@tgslc.org. ★

Students who left q28 blank and have a drug conviction must answer the question.

Students who left q28 blank and do not have a drug conviction do not have to answer the question. Schools can award



CLOSED SCHOOL CORNER

NEWLY REPORTED CLOSURES

TG SCHOOL ID#	SCHOOL NAME	SCHOOL ADDRESS	UNOFFICIAL CLOSURE DATE	ED'S OFFICIAL CLOSURE DATE
023371010	Alliance Tractor Trailer Training Center	Rt. 231 S. Lebanon, TN 37088	N/A	02/16/1995
022748000	Datamerica Institute	1101 SW 27th Ave. Miami, FL 33135	N/A	07/27/1989
022748010	Datamerica Institute	375 E 49th St., Suite B Hialeah, FL 33013	N/A	07/27/1989
008555000	Hair Design Institute at Livingston Street	169 Livingston St. Brooklyn, NY 11201-5813	N/A	12/31/1999
001394000	Morse School of Business	275 Asylum St. Hartford, CT 06103-2096	N/A	04/14/1999

ED CLOSED DATE REVISIONS

TG SCHOOL ID#	SCHOOL NAME	SCHOOL ADDRESS	PREVIOUS ED CLOSURE DATE	REVISED OFFICIAL ED CLOSURE DATE
007152000	Deloux School of Cosmetology La Mesa	8127 La Mesa Blvd. La Mesa, CA 92041	01/01/1991	11/19/1990
007833000	Tracey-Warner School	401 N. Broad St. Philadelphia, PA 19108	10/29/1992	06/26/1992

TG Mails Revised School Fact Sheets

Texas Guaranteed Student Loan Corporation (TG) has updated both the printed and online versions of the School Fact Sheets for 1999.

The updated paper version was mailed recently to more than 900 legislators, schools, lenders, and other interested parties.

The School Fact Sheets are a service of TG and provide students and families with timely and accurate information to help them make informed decisions about postsecondary education. The updated paper version was mailed recently to more than 900 legislators, schools, lenders, and other interested parties. The updates include additional information about lenders and their loan volume at each school — a section that is updated online monthly.

School Fact Sheets

For more than five years, TG has produced School Fact Sheets in order to portray a broad range of data about many postsecondary institutions in Texas in a single document. All the information provided in the printed version is also in the online version, making TG's School Fact Sheets a convenient resource for a variety of users.

The School Fact Sheets provide data about specific institutions, including information about enrollment, costs, academics, and financial aid. The School Fact Sheets provide legislators with key information about schools, lenders, and students in their districts, such as population served, dependence on loans, and cohort default rates. Lenders also refer to the School Fact Sheets for important information about their school business partners, such as cohort default rates, median borrower indebtedness, and graduation rates. (More highlights about

financial aid trends are available in the "Did You Know" section of *TGWorks Online*.)

You can find electronic versions of TG's School Fact Sheets in both PDF and HTML on *TGWorks Online* at www.tgslc.org under "Resources for Students and Families," "Resources for Schools and Lenders," and "Publications." The School Fact Sheets also are available on *Adventures In Education* at AdventuresInEducation.org under "Selecting a School."

Questions

For questions about how the School Fact Sheets can help families and students make more informed decisions about postsecondary education and related financial services or to obtain a paper copy of the School Fact Sheets, contact Jeff Webster, TG Director of Research and Policy Analysis, at (800) 252-9743, ext. 4504, or send an e-mail message to jeff.webster@tgslc.org. ★

New Regulations for Changes in School Ownership

Reauthorization produced good news! Students and schools are benefiting from regulatory changes published in the Institutional Eligibility *Federal Register* issued October 29, 1999. These regulations take effect on July 1, 2000. However, the Department of Education authorized schools to implement the provisions beginning October 29, 1999.

Among the good news is a change in the regulations dealing with eligibility for schools changing ownership. Schools will no longer automatically lose eligibility to participate in Title IV programs upon a change in ownership resulting in a change

of control. If a school satisfies certain application requirements with the U.S. Department of Education (ED), the school will be able to continue participation in Title IV programs on a provisional basis. The regulatory changes will allow a smoother transition for schools and students affected by changes in ownership.

A change in ownership resulting in a change of control includes any change in which a person who has or acquires an ownership interest in the entity that owns the school or the parent corporation of that entity acquires or loses the ability to control the school.

Before the regulatory changes took effect, a school that underwent a change in ownership and control lost eligibility to participate in Title IV programs as soon as the change occurred. The school did not regain eligibility until ED formally approved the change in ownership. This interruption in Title IV eligibility was often disruptive for schools and their students.

Application Requirements

Under the new regulations, a school that undergoes a change in ownership and control may continue uninterrupted

See NEW REGULATIONS on page 4.

Poverty Guidelines Update

The Department of Health and Human Services recently updated the United States federal poverty guidelines to account for last year's increase in prices as measured by the Consumer Price Index. The 2000 poverty guideline figure for a family of two is \$11,250 for the 48 contiguous states and the District of Columbia. In Alaska, the figure is \$14,060, and in Hawaii, the figure is \$12,930.

The poverty guideline is one qualifier that may be used in determining a borrower's eligibility for an Economic Hardship Deferment (HRD).

The poverty guideline is one qualifier that may be used in determining a borrower's eligibility for an Economic Hardship Deferment (HRD). The HRD form has

been revised to reflect the 2000 figures. Schools and lenders should immediately discard all previous versions of the HRD form and disseminate only the updated version. However, if a lender receives an old HRD, the form can still be processed.

The HRD form is available by calling Texas Guaranteed Student Loan Corporation's (TG) Customer Support Forms Coordinator at (800) 252-9743, ext. 4546. It is also available on *TGWorks Online* at http://www.tgslc.org/tgslc/frms_def.htm.

Questions

For questions about the poverty guidelines or HRD, contact TG Customer Support at (800) 252-9743, ext. 4444, or send an e-mail message to customer.services@tgslc.org. ★

MPN Reminder

The 1998 Reauthorization of the Higher Education Act mandates that all Stafford loan applicants must use the Master Promissory Note (MPN) beginning July 1, 2000. If you have questions concerning the MPN implementation, *TGWorks Online* (www.tgslc.org) "Schools and Lenders" offers an Implementation Guide, Frequently Asked Questions, Implementation Checklists for schools, lenders, and secondary markets, and more. Also, Texas Guaranteed Student Loan Corporation's Customer Support is available for questions at (800) 252-9743, ext. 4444, or customer.services@tgslc.org. ★

NEW REGULATIONS (Continued from page 3)

participation in Title IV programs while applying for provisional extension of its certification. In order for a school to qualify for this extension, ED must receive from the school a materially complete application within ten business days after the ownership change occurs. To apply for provisional extension of participation, the school must submit the following information to ED:

- A completed “Application for Approval to Participate in Federal Student Financial Aid Programs,”
- A copy of the school’s state license or equivalent document – as of the day before the ownership change – authorizing the school to provide a postsecondary educational program in the state in which it is located,
- A copy of the document from the school’s accrediting agency – as of the day before the ownership change – approving the school and its programs,
- Audited financial statements of the school’s two most recently completed fiscal years, and
- Audited financial statements of the school’s new owner for the two most recently completed fiscal years or

equivalent information acceptable to ED.

Provisional PPA

If the school’s application is approved, ED will provide the school with a provisional Program Participation Agreement (PPA). The provisional PPA extends the terms and conditions of the PPA in effect before the school’s change in ownership. The school’s provisional PPA is granted for a period not to exceed three complete award years. The provisional PPA expires on the earlier of:

- The date on which ED signs a new PPA,
- The date on which ED notifies the school that its application is denied, or
- The last day of the month following the month in which the change of ownership occurred, unless the school satisfies certain additional requirements.

These additional requirements include the school’s submission of a “same day” balance sheet for the school as of the date of the ownership change, as well as the approval of the ownership change from the state and accrediting agency (if not already provided to ED). Unless exempt, the school must also submit an acceptable default management

plan to ED. The school must provide these documents to ED before the end of the month following the month in which the ownership change occurred.

TG requires a participating school to notify TG’s Compliance Administrative Operations within ten business days of a change in ownership and control.

TG Implementation

TG requires a participating school to notify TG’s Compliance Administrative Operations within ten business days of a change in ownership and control. TG may require the school to submit a copy of ED’s final approval and PPA with additional documentation. The school may also be required to complete TG’s “School Eligibility Application” to continue participation.

Questions

For questions about TG’s school eligibility process or reporting a change in ownership, contact Valerie Gonzalez, Compliance Specialist, at (800) 252-9743 ext. 4877. ★

Get Ready to “Innovate. Educate. Celebrate!”

Remember to make time for the exciting TG Annual Conference, “Innovate. Educate. Celebrate!” The 2000 conference will be held in Austin at the Marriott at the Capitol on April 10-12. The conference promises to deliver a wealth of informative sessions and updates on the latest information, including TG’s Voluntary Flexible Agreement negotiations with the Department of Education, a summary of results from TG’s Voice of the Customers sessions, and information about the Texas Center for Financial Aid Information. Along with these, attendees can expect the usual fun and games that help make the conference so memorable.

Questions

For questions about the conference, contact Cheryl McAuliffe in TG Customer Services at (800) 252-9743, ext. 4753. For more details about the conference or to register online, visit *TGWorks Online*, “News & Events.” ★

COMMON MANUAL UPDATES

INFORMATION ON REVISIONS TO THE COMMON MANUAL

Note: Current *Common Manual* updates and an integrated version of the *Common Manual* are available on *TGWorks Online* under Schools and Lenders. By posting *Common Manual* updates and the integrated version of the *Common Manual* online, TG's customers can access new policies shortly after the *Common Manual* Governing Board approves them.

If you want to be notified each time updates and a revised integrated version of the *Common Manual* are posted online, you can join TG's electronic news service, *TG NetWorks*. To join, go to *TGWorks Online* at www.tgslc.org, select "Subscribe," and complete the online form.

Backdating Exception for In-School Deferments

The *Common Manual* has been revised to clarify that in-school deferments are not bound to the 6-month backdating rule that applies to other types of deferment. The lender must grant an in-school deferment for each eligible period of enrollment and may bill the Department for interest benefits on a subsidized Stafford loan, regardless of the date enrollment began. This change

reflects Final Rules published in the *Federal Register* on October 29, 1999. Lenders may implement this provision earlier than the regulatory effective date to maximize the benefit to FFELP borrowers.

Affected Sections: 7.9.A., 7.10.A., A.1.B.

Effective Date: In-school deferments granted on or after July 1, 2000, unless implemented earlier by the lender

Policy Information: Reference #379

Guarantor Comments: None

Unemployment Benefits Documentation Acceptable for Unemployment Deferment

The *Common Manual* has been revised to incorporate an unemployment deferment provision of Final Rules published in the *Federal Register* dated November 1, 1999. A lender may grant an unemployment deferment to a borrower who requests an unemployment deferment and provides to the lender evidence of the borrower's eligibility to receive unemployment benefits. In this case, the borrower need not provide the lender with the common deferment form or other additional information or documentation.

Affected Sections: 7.10.E.

Effective Date: Unemployment deferments granted on or after July 1, 2000, unless implemented earlier by the lender

Policy Information: Reference #380

Guarantor Comments: None

Endorser Due Diligence

The *Common Manual* has been revised to incorporate endorser due diligence provisions of Final Rules published in the *Federal Register* on October 29, 1999. Under these provisions, the lender must complete endorser due diligence requirements before filing a default claim. Prior *Common Manual* policy required the lender to complete endorser due diligence during the delinquency period of the loan.

Affected Sections: 8.1.E., and ^{cc}8.1.E.

Effective Date: Default claims for which the first day of delinquency on the oldest outstanding due date is on or after July 1, 2000, unless implemented earlier by the guarantor

Policy Information: Proposal #381

Guarantor Comments: None ★

Consolidation Conundrums

The 1998 Reauthorization of the Higher Education Act altered the Federal Family Education Loan Program (FFELP) Consolidation loan, making it more attractive to borrowers. One benefit of Reauthorization is that it broadens the rules for obtaining subsequent Consolidation loans. Although the intent of the Reauthorization legislation is to help borrowers consolidate their debt into one payment, there are situations in which a borrower may have concurrent Consolidation loans. The following list of frequently asked questions addresses issues about obtaining Consolidation loans.

1. If a borrower did not include one of his or her loans in the original Consolidation loan, and the 180-day add-on period has already elapsed, can the excluded loan be included in a subsequent Consolidation loan?

Answer A: Yes. A borrower may include the outstanding loan and the original Consolidation loan in a new, subsequent Consolidation loan. Effective for Consolidation loans made on or after July 1, 2000.

Example A: Carroll has two loans, a Stafford loan (made April 1999) and a Consolidation loan (made January 2000).

He can obtain a Consolidation loan that contains these two loans.

2. When consolidating an outstanding Consolidation loan with another outstanding eligible loan, does the borrower have to obtain a new loan?

Answer: No. The borrower is not required to obtain a new loan in order to consolidate an existing Consolidation loan with an existing eligible loan made before or after the original Consolidation loan. Effective for Consolidation loans made on or after July 1, 2000.

See CONSOLIDATION on page 6.

CONSOLIDATION (Continued from page 5)

Example A: Chris has two loans, a Stafford loan (made September 1998) and a Consolidation loan (made July 1999). She can consolidate these two loans into a new Consolidation loan.

Example B: Chris has two loans, a Consolidation loan (made July 1999) and a Stafford loan (made March 2000). She can consolidate these two loans into a new Consolidation loan.

Example C: Chris has three loans, a Stafford loan (made September 1998), a Consolidation loan (made July 1999), and a Stafford loan (made March 2000). She can consolidate all of these loans into a new Consolidation loan. She can also obtain a Consolidation loan that contains the original Consolidation loan and either of the two Stafford loans.

3. Does a borrower with an outstanding Consolidation loan have to obtain a new loan in order to receive a second, concurrent Consolidation loan that does not include the original Consolidation loan?

Answer: Yes. A borrower's eligibility to obtain a new Consolidation loan ends upon receipt of a Consolidation loan except when the borrower receives a new loan after the date of the original consolidation. Effective for Consolidation loans made on or after July 1, 2000.

Example A: Kelly has two loans, a Consolidation loan (made July 1999) and a Stafford loan (made March 2000). He wants to consolidate only the Stafford loan. He does not want to include the Consolidation loan. Kelly can obtain a second Consolidation loan that consists of only the Stafford loan because it was made after the original Consolidation loan.

Example B: Kelly has two loans, a Stafford loan (made January 1997) and a

Consolidation loan (made July 1999). He wants to consolidate only the Stafford loan. He does not want to include the Consolidation loan. Kelly cannot obtain a Consolidation loan that consists of only the Stafford loan.

Example C: Kelly has three loans, a Stafford loan (made January 1997), a Consolidation loan (made July 1999), and a Stafford loan (made March 2000). He wants to consolidate the two Stafford loans. He does not want to include the original Consolidation loan. Kelly can obtain a Consolidation loan that consists of only the two Stafford loans.

4. Can a borrower consolidate a single Consolidation loan?

Answer: No. A borrower is not eligible to obtain a new Consolidation loan that is comprised solely of a single, outstanding Consolidation loan. Effective for Consolidation loans made on or after July 1, 2000.

Example A: Pat has a Consolidation loan and no other loans. She cannot "reconsolidate" just the Consolidation loan.

5. If a borrower has two outstanding Consolidation loans, can they be consolidated into one?

Answer: A borrower may obtain a new Consolidation loan if the borrower consolidates an outstanding Consolidation with at least one other eligible loan. A Consolidation loan is an eligible loan. Effective for Consolidation loans made on or after July 1, 2000.

6. Can a married couple consolidate their respective Consolidation loans into a single joint Consolidation loan?

Answer: Yes. The loans of one spouse are

considered eligible loans for the other spouse. Effective for Consolidation loans made on or after July 1, 2000.

7. Is a borrower required to use a specific lender when consolidating?

Answer A: If only one lender holds a borrower's outstanding loans, the borrower is required to use that lender for a Consolidation loan. If the lender does not offer Consolidation loans or does not offer Consolidation loans with an income-sensitive repayment plan, the borrower may choose a different lender. Effective for Consolidation loans made on or after July 1, 2000, unless implemented earlier by the lender.

Answer B: If two or more lenders (multiple lenders) hold a borrower's outstanding loans, the borrower may choose any participating lender. The borrower is not required to choose one of the lenders that holds the outstanding loans. Effective for Consolidation loans made on or after July 1, 2000, unless implemented earlier by the lender.

8. What loans are eligible for consolidation?

Answer: Any of the following loans may be included in a FFELP Consolidation loan:

- Subsidized Federal Stafford Loans
- Direct Subsidized Stafford Loans
- Unsubsidized and Nonsubsidized Federal Stafford Loans
- Direct Unsubsidized Stafford Loans
- Federal Supplemental Loans for Students (SLS)
- Federal PLUS Loans
- Direct PLUS Loans
- Subsidized Federal Consolidation Loans
- Direct Subsidized Consolidation Loans

See CONSOLIDATION on page 7.

CONSOLIDATION (Continued from page 6)

- Unsubsidized Federal Consolidation Loans
- Direct Unsubsidized Consolidation Loans, including direct PLUS Consolidation Loans
- Perkins Loans
- Federal Insured Student Loans (FISL)
- Health Professions Student Loans, including Loans for Disadvantaged Students (lender discretion)
- Health Education Assistance Loans (lender discretion)
- Nursing Student Loans (lender discretion)

Questions

For questions concerning Consolidation loans, contact TG Customer Support at (800) 252-9743, ext. 4444, or send an e-mail message to customer.services@tgslc.org. ★

“Consolidation Conundrum” Examples

This chart contains the examples given in the above text. The chart should be used in conjunction with the scenarios presented in the text. Neither the chart nor the text contains or covers all the permutations possible in the FFELP Consolidation Loan Program. Refer to text for effective dates.

	1 OUTSTANDING ELIG LOAN MADE BEFORE CONSOLIDATION	2 ORIGINAL CONSOLIDATION LOAN	3 OUTSTANDING ELIG LOAN MADE AFTER CONSOLIDATION	SUBSEQUENT CONSOLIDATION LOAN [Numbers indicate the column of the underlying loan(s).]
Q1. Example A	X	X		Yes 1, 2
Q2. Example A	X	X		Yes 1, 2
Example B		X	X	Yes 2, 3
Example C	X	X	X	Yes 1, 2, 3
	X	X	X	Yes 1, 2
	X	X	X	Yes 2, 3
Q3. Example A		X	X	Yes 3
Example B	X	X		No 1
Example C	X	X	X	Yes 1, 3
Q4. Example A		X		No 2

Return of Title IV Funds

On November 1, 1999, the Department of Education (ED) issued final regulations to implement the Return of Title IV funds provisions enacted in the 1998 Reauthorization of the Higher Education Act of 1965, as amended (HEA).

According to the preamble of the final regulations, the Return of Title IV funds provisions apply to any student who withdraws on or after October 7, 2000 (instead of any student whose period of enrollment begins on or after that date). Institutions may implement the new rules earlier; but if so, must implement them in their entirety. This policy applies to *all* students (including undergraduates and graduates) during any payment period or period of enrollment.

Prior to the 1998 Reauthorization, section 484B of the HEA required all institutions participating in Title IV programs to use specific refund policies when a student who received Title IV funds ceased attendance at the institution (i.e., Pro Rata, federal, state licensing agency, etc.). Under the 1998 Reauthorization, section 484B does not dictate a refund policy, but instead prescribes steps to follow to determine the amount of Title IV funds a student has earned at the time he or she ceases attendance. The amount earned is based on the amount of time the student has spent in attendance. It has no relationship to the student's institutional charges; rather, it is based on a proportional time calculation through 60 percent of the student's payment period. The new requirements do not prohibit an institution from complying with a refund policy required by an outside agency.

This article and its accompanying two-sided worksheet are intended to help institutions understand and implement

the new requirements. There are eight steps to follow:

- Step 1: Collect information about the student's Title IV aid.
- Step 2: Calculate percentage of Title IV aid earned by the student.
- Step 3: Calculate amount of Title IV aid earned by the student.
- Step 4: Determine if the student is due post-withdrawal disbursement or if Title IV aid must be returned.
- Step 5: Calculate amount of unearned Title IV aid due from the institution.
- Step 6: Determine allocation of funds returned by institution.
- Step 7: Calculate initial amount of unearned Title IV aid due from student.
- Step 8: Determine allocation of funds returned by student.

Please consult the accompanying worksheet when reviewing these steps.

Step 1: Title IV Aid Received

First determine the net amounts of Title IV funds disbursed and the amounts that *could have been* disbursed. Break these amounts into the Title IV program source. When determining the amount of Title IV funds that could have been disbursed, include only those monies that the student was eligible to receive during the payment period or period of enrollment in which he or she withdrew, and ensure that late disbursement provisions are not violated.

The Return of Title IV requirements pertain to students who are recipients only of funds that are clearly Title IV grant or loan funds (Federal Work-Study funds earned by the student are excluded from the calculation). Therefore, the final regulations exclude from the calculation the non-federal share of FSEOG awards when an institution

meets its FSEOG matching share by either the individual recipient method or the aggregate method. If your institution meets its matching share requirement by putting funds in the FSEOG fund (otherwise known as the fund-specific matching method), include those funds in the calculation.

Step 2: Percentage of Aid Earned

In order to complete this section, determine the student's withdrawal date. This determination differs for institutions required to take attendance and institutions not required to take attendance.

If your institution is required to take attendance, divide the number of days/hours in the payment period or period of enrollment by the number of days/hours completed by the student through his or her last date of attendance. Clock hour institutions may use scheduled hours completed by the student only if the student attended at least 70 percent of the scheduled hours; otherwise, use actual hours completed (attended) by the student.

If your institution is required to take attendance, divide the number of days in the payment period or period of enrollment by the number of days completed by the student through his or her withdrawal date. The student's withdrawal date at such institutions is defined as:

- The date on which the student began the withdrawal process or the date on which the student otherwise provided official notice, whichever is earlier; or
- The midpoint of the enrollment period, if the student failed to notify the institution of withdrawal; or
- If a student withdraws but does not notify the school because of

See Title IV on page 9.

Treatment of Title IV Funds When a Student Withdraws from a Credit Hour Program

Student's Name _____ Social Security Number _____

Date Form Completed ____/____/____ Date of the institution's determination that the student withdrew ____/____/____

Period used for calculation (check one) payment period period of enrollment

Monetary amounts should be in dollars and cents (rounded to the nearest penny.) Round to three decimal places when calculating percentages. For example, .4486 would be .449, or 44.9%.

STEP 1: Student's Title IV Aid Information

	Net Amount Disbursed	Net Amount That Could Have Been Disbursed		Amount Disbursed	Amount That Could Have Been Disbursed
1. Unsubsidized FFEL/Direct Stafford Loan _____	_____	_____	5. Pell Grant _____	_____	_____
2. Subsidized FFEL/Direct Stafford Loan _____	_____	_____	6. FSEOG _____	_____	_____
3. Perkins Loan _____	_____	_____	7. Other Title IV programs* _____	_____	_____
4. FFEL/Direct PLUS _____	_____	_____	*Do not include FWS.		

A. Total Title IV aid disbursed (NOT aid that could have been disbursed) for the payment period or period of enrollment A \$ _____.

B. Total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment B \$ _____.

STEP 2: Percentage of Title IV Aid Earned

C. • If school is not required to take attendance and student withdrew without notification, enter 50% in Box C and proceed to Step 3 OR school may enter a last date of attendance at an academically-related activity for "withdrawal date" and proceed from there.

- Withdrawal date ____/____/____ Payment period/period of enrollment start date ____/____/____ end date ____/____/____
- Percentage of payment period or period enrollment completed

Determine the calendar days completed in the payment period or period of enrollment divided by the total calendar days in the payment period or period of enrollment (exclude scheduled breaks of 5 days or more AND days that a student was on approved leaves of absence).

$$\frac{\text{completed days}}{\text{total days}} = \text{_____ \%}$$

If this amount is less than or equal to 60%, enter this amount in Box C. If this amount is greater than 60% (with or without rounding), enter 100% in Box C.

C . %

STEP 3: Amount of Title IV Aid Earned by the Student

D. Percentage of Title IV aid earned (Box C) x the total of Title IV aid disbursed plus the Title IV aid that could have been disbursed for the payment period or period of enrollment (Box B)

$$\frac{\text{Box C}}{\%} \times \text{Box B} = \text{D} \quad \$ \text{_____}$$

STEP 4: Total Title IV Aid to be Disbursed or Returned

If the amount in Box D is greater than the amount in Box A, go to item E. If the amount in Box A is greater than the amount in Box D, go to item F. **If the amounts in Boxes A and D are equal, STOP. No further action is necessary.**

E. *Post-withdrawal disbursement.* Subtract Title IV aid disbursed for the payment period or period of enrollment (Box A) from the amount of Title IV aid earned (Box D). This is the amount of the post-withdrawal disbursement due. Stop here and go to the post-withdrawal disbursement tracking sheet.

$$\text{Box D} - \text{Box A} = \text{E} \quad \$ \text{_____}$$

F. Title IV aid to be returned. Subtract the amount of Title IV aid earned (Box D) from Title IV aid disbursed for the payment period or period of enrollment (Box A). This is the amount of Title IV aid that must be returned.

$$\text{Box A} - \text{Box D} = \text{F} \quad \$ \text{_____}$$

Title IV (Continued from page 8)

circumstances beyond his or her control, the date related to that circumstance; or

- If the student didn't return from an approved leave of absence, the date the institution determines that leave began; or
- The date of the student's last attendance at a documented academically-related activity.

Do not include scheduled breaks of five days or more or the time students spend on an approved leave of absence in the calculations. The 60 percent threshold cannot be reached by rounding up. If the percentage calculated exceeds 60 percent, the percentage earned is 100 percent.

Step 3: Amount of Aid Earned

Multiply the percentage figure calculated in Step 2 by the amount of Title IV funds that were disbursed and could have been disbursed.

Step 4: Aid to Be Disbursed or Returned

Subtract the Title IV aid actually disbursed from the amount of Title IV aid earned. Determine if the student is due a post-withdrawal disbursement or if unearned monies will have to be returned. If no post-withdrawal disbursement is due, loans that could have been disbursed must be cancelled.

If the student is due a post-withdrawal disbursement, the disbursement must be made from available grant funds before available loan funds. Also, the disbursement must be made within 90 days of the institution's determination that the student withdrew. After the eligible post-withdrawal disbursements are credited to the student's outstanding current period charges, the institution must follow specific steps in offering the remaining balance to the

student. These steps are found in 34 CFR 668.22(a)(4)(ii). Once all post-withdrawal monies have been properly disbursed, the refund calculation is concluded.

If your institution determines that Title IV funds must be returned, continue with Step 5.

Step 5: Amount Due from Institution

First calculate the amount of institutional charges that the student incurred for the payment period or period of enrollment. These charges may include tuition and fees, room and board, and books and supplies if these books and supplies must be purchased from the school.

Once the amount of institutional charges is calculated, multiply the figure by the percentage of Title IV aid unearned (derived by subtracting the Step 2 figure from 100 percent). The institution is then responsible for returning the lesser of the amounts calculated in Step 4 and Step 5.

Step 6: Allocation of Institutional Returns

Repay the funds to the following sources, in order, up to the total net amount disbursed from each source:

- Unsubsidized FFEL/Direct Stafford Loans;
- Subsidized FFEL/Direct Stafford Loans;
- Perkins Loans;
- FFEL/Direct PLUS Loans;
- Federal Pell Grant;
- Federal SEOG;
- Other Title IV assistance (not including FWS).

Return Title IV funds no later than 30 days after determining that the student has withdrawn.

Step 7: Amount Due from Student

Determine if the student is responsible for returning unearned Title IV funds

(only when the amount of Title IV aid to be returned is greater than the amount of Title IV aid due from the institution).

Step 8: Allocation of Student Returns

If the student must return additional funds, the funds must be repaid in the same order as described in Step 6. Specific rules apply to the student's responsibility to return Title IV funds.

Amounts that the student is required to return to the federal loan programs must be returned (repaid) in accordance with the terms of the promissory note (no further action by the institution is necessary). To determine actual amounts that the student is required to return to the federal grant programs, multiply the amount by 50 percent.

A student who fails to return the required Title IV funds loses eligibility for future Title IV aid until he or she repays the amount in full, makes satisfactory arrangements with the institution to repay the funds, or makes satisfactory repayment arrangements with ED.

Consumer Information

Federal Regulations effective July 1, 2000, also require that, upon request, an institution make readily available to enrolled and prospective students a summary of the requirements for the return of Title IV funds.

Questions

TG will conduct a training session on the Return of Title IV funds at the TG Annual Conference in April. The session will include case studies and examples.

For questions about the return of Title IV funds, contact Customer Services at (800) 252-9743, ext. 4444. ★

Return Service Requested

ED Implements New Special Allowance Codes

Due to a recent amendment to the Higher Education Act of 1965, the calculation of special allowance (SAP) for loans first disbursed on or after January 1, 2000, is based on the three-month commercial paper rate. In December 1999, to accommodate this change, the Department of Education (ED) announced that lenders must use new SAP codes on ED Form 799 starting the quarter ending March 2000.

However, in February 2000, ED announced that its system is not ready to receive the new SAP codes. Therefore, activity covered by the new codes for the March 2000 quarter should be reported as prior quarter adjustments.

The lending community addressed the ramifications of the February change in

guidance with ED. On March 10, 2000, ED responded to the lending community's concerns by rescinding its February guidance. The March 2000 guidance states that the new SAP codes (CA, CB, CC and CD) for new loans first disbursed on or after January 1, 2000 will be accepted for the reporting period ending March 31, 2000.

Questions

If you have questions concerning special allowance reporting, contact the Department of Education Lender Reporting Team at (202) 708-9976 or send an e-mail message to osfa_lr@ed.gov. ★

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To ask questions about the articles in *Shoptalk*, subscribe or order additional copies, please contact Communications at (800) 252-9743, ext. 2878 or communications@tgslc.org

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