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Tip^{of} the Week

The September 2007 *Integrated Common Manual* and other policy-related publications are available through *TG Online* at www.tgslc.org/resources/integrated_online_manual.cfm.

Federal updates

Gearing up for another round of negotiated rulemaking

In Monday's *Federal Register*, available at <http://a257.g.akamaitech.net/7/257/2422/01jan20071800/edocket.access.gpo.gov/2007/pdf/E7-20785.pdf>, ED announced its intention to establish "one or two" negotiated rulemaking (Neg Reg) committees which will consider a wide array of topics:

- The new TEACH Grant program (established by the College Cost Reduction and Access Act of 2007, or CCRAA)
- Changes needed for the FFEL and Direct Loan Programs resulting from the enactment of the CCRAA including, but not limited to:
 - rules for income-based repayment;

- changes to the maximum repayment period;
- reductions to the lender insurance rates;
- loan forgiveness for public service employees; and
- definitions of terms used in the programs.

Negotiators will also discuss changes necessary due to the passage of H.R. 3625, which made permanent the Higher Education Relief Opportunities for Students Act of 2003 (HEROES Act), and the establishment of competitive preference priorities within the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) program.

The committees may also consider issues raised by the public during the regional hearings that will precede the negotiating sessions and “other issues the Department identifies as necessary to improve program administration and accountability...including potential Federal preemption of State laws that may conflict with the Department’s regulations on improper inducements and the use of preferred lender lists in the FFEL program.”

ED also notes that, “if reauthorization of the HEA is completed prior to the first negotiating session, we may also include on the negotiating agenda additional changes to the regulations that may be needed.”

Committee structure

If one negotiating committee is established, it will address all of the regulatory issues identified by ED. If two negotiating committees are established, one negotiating committee will address issues related to the federal student loan programs and the other committee will focus on TEACH Grants and other issues.

How to get involved

Don't miss your chance to provide input to ED! ED will hold three regional hearings in November for interested parties to discuss the agenda for the Neg Reg sessions and will also accept written comments.

ED is also calling for nominees to be negotiators. Negotiators represent the various constituencies that will be affected by the regulations. Because the number of negotiators is limited, ED expects negotiators to represent broad-based constituencies to the extent possible.

The negotiations will likely occur in three meetings beginning in January 2008 and ending no later than April 2008. The first meeting typically involves organizational decision making and identification of the scope of the topics to be negotiated.

More information

For more information on this Neg Reg notice, click on the link provided above or contact TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgslc.org.

TG updates

More questions and answers about the CCRAA

Last week, TG hosted an Industry Teleconference featuring the College Cost Reduction and Access Act (CCRAA), a reconciliation bill recently signed into law. The provisions of the CCRAA impact the Higher Education Act in many important areas, and the topics covered in the teleconference sparked many questions from the participants about the new law, both during and after the teleconference. Following are some of the most frequently asked questions to which TG has responded regarding this legislation, grouped by topic.

Public service loan forgiveness

This program will provide loan forgiveness for Direct loan borrowers employed in public service jobs who meet certain criteria, effective July 1, 2009.

Q.: What is the definition of public service under the CCRAA?

A.: A full-time job in public emergency management, government, public safety, public law enforcement, public health, public education, public early childhood education, public child care, social work in a public child or family service agency, public services for individuals with disabilities, public services for the elderly, public interest legal services (including prosecution or public defense), public library services, public school library sciences, other public school-based services or a tax exempt organization that is described in Section 501(c)(3) of the IRS code, or teaching as a full-time faculty member of a Tribal College or University or other faculty teaching in high-needs areas as determined by ED.

Q.: Are state-funded schools and religious organizations that are 501(c)(3) also eligible?

A.: We don't yet know how broadly or narrowly ED will interpret the categories provided in the CCRAA. We expect additional guidance in future Dear Colleague Letters or, perhaps, through the negotiated rulemaking process.

Q.: Can a FFELP borrower qualify for the public service loan forgiveness program?

A.: A FFELP loan borrower may qualify for this program by consolidating his or her loans into a Direct Consolidation loan. Only those payments made after the consolidation would apply toward the 120 monthly payments required before forgiveness is applied.

Q.: Can a borrower with a FFELP Consolidation loan re-consolidate into the Direct Loan Program in order to benefit from this forgiveness program?

A.: Yes, beginning July 1, 2008, a FFELP borrower may re-consolidate into the Direct Loan Program for the purpose of qualifying for the public service loan forgiveness program. Again, only payments made after the consolidation would apply toward the 120 required monthly payments.

A summary of the public service loan forgiveness program is provided in *Shoptalk Online* edition [427](#).

Dependency status

The CCRAA adds several new categories to the list of circumstances that qualify a student to be considered independent for Federal Student Aid purposes, effective July 1, 2009.

Q.: One of the new statuses is “an unaccompanied youth who is homeless or at risk for homelessness and is self-supporting.” How will a school verify this status?

A.: The CCRAA states, “The school must verify this status during the school year in which the application is submitted. Verification can be provided by a local educational agency homeless liaison, the director of a program funded under the Runaway and Homeless Youth Act or a designee, the director of a program funded under the [McKinney-Vento Homeless Assistance Act](#) or a designee, or a financial aid administrator.” If a financial aid administrator were to verify this status, the administrator could use the provisions of the McKinney-Vento Homeless Assistance Act as a guide as to what documentation to obtain from the student.

Income-based repayment

The CCRAA provides for a new repayment option (effective July 1, 2009) called income-based repayment, not to be confused with income-sensitive repayment or income-contingent repayment, two different repayment plans already in existence.

Q.: What is the triggering event for this effective date; in other words, can a borrower become retroactively eligible?

A.: We don’t know yet if a borrower can retroactively qualify for this repayment option. We expect additional guidance from ED in upcoming Dear Colleague Letters or, perhaps, through the negotiated rulemaking process.

Q.: Will all loans, including those in default, qualify?

A.: The law says, “a borrower of any loan made, insured, or guaranteed under Part B or D...who has a partial financial hardship (whether or not the borrower’s loan has been submitted to a guaranty agency for default aversion or is already in default) may elect, during any period the borrower has the

partial financial hardship,” the income-based repayment option. However, parent PLUS loans and Consolidation loans used to pay off a parent PLUS loan are specifically excluded from the categories of eligible loan types.

A borrower who has a “partial financial hardship” is defined as a borrower for whom the annual payments on his or her FFELP or Direct loans (as calculated under a standard 10-year repayment) exceeds 15 percent of the difference between the borrower’s (and the borrower’s spouse’s) adjusted gross income minus 150 percent of the poverty line that applies to the borrower’s family size.

TEACH Grant

The TEACH Grant provides a new source of funding for students pursuing a career in teaching who meet certain eligibility criteria, effective July 1, 2008.

Q.: Is the grant need-based?

A.: No. This grant is not a need-based award; however, it must not exceed the student’s cost of attendance minus other estimated financial assistance.

Q.: Since the grant may convert into an unsubsidized Direct Stafford loan if the recipient does not fulfill his or her teaching obligation, will the recipient be required to complete a Direct Stafford loan MPN prior to receiving funds?

A.: We don’t know yet when or how ED will require the recipient to submit an MPN for this program.

Q.: Due to the Direct loan component of this program, will it be restricted to Direct lending schools?

A.: No. Schools participating in the FFELP will be eligible to participate in the TEACH Grant program.

More information

For more information on these topics, you may download the teleconference materials at www.tgslc.org/training/teleconference/teleconf071016.cfm. If you have questions about the CCRAA, please contact TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgslc.org.

Grow your leadership skills through TG’s upcoming Financial Aid Leadership Symposium

Are you looking for ways to build trust among your staff? Do you want to polish your communication skills so that your team shares your priorities? Or would you like to insert that key ingredient, motivation, into your staff’s work ethic? You’ll find some “real-world” advice on all these issues and gain insight into leading effectively through a unique training opportunity for professionals in financial aid — TG’s Financial Aid Leadership Symposium.

Since 2006, TG has been offering this inventive training experience to financial aid staff looking to grow in the field. Graduates of the Symposium consistently rate the program at the top end of the scale — 4.9 or better out of 5. Keith Hoelscher of San Angelo State University summed up the collective attitude for this year's attendees: "It was clear to me within an hour of attending the Leadership Symposium that this was the real deal, and that I would come out of this not only a better leader but a better person."

TG has opened enrollment for the Symposium's "Class of 2008." The Symposium's series of workshops and forums will extend over the course of a week — from February 4 - 8 in Round Rock, Texas. If you're a supervisor or manager who wants to understand the principles of good leadership as well as hear from experts in financial aid, consider TG's Symposium.

A career's worth of knowledge

Participants of the Symposium learn some of the basic concepts of leadership — including creating a vision, building a team, and gathering feedback — and, more importantly, learn how to apply these concepts in the context of a financial aid office. One of the important advantages of the Symposium is that it takes an interactive approach. Attendees have the opportunity to share their own experiences and hear from others experiencing similar issues.

"The interaction and discussion among the participants was wonderful," said Nora Cargo, associate director of Student Financial Aid at Texas A&M University. "It is rare to be able to discuss leadership and management issues in a forum specifically designed for financial aid professionals."

Symposium attendees work on exercises and projects in small groups and make individual presentations on particular financial aid topics. "The facilitated sessions built upon each other very well," said Nora. "The leadership versus management topics led well into discussing communication, which lent itself to then discussing team-building, performance-coaching, customer service, and problem solving. The progression of topics challenged us to take each area and incorporate it into the next."

The Symposium helps to groom participants to be leaders, but it also offers a number of other lasting benefits, including an informal network of peers who stay in touch via e-mail. Graduates use the e-mail 'tree' to seek advice or to get feedback from fellow Symposium participants. What's even better, the Symposium offers participants an opportunity for talking candidly about the challenges and issues they currently face in financial aid. Many find the experience invaluable.

Graduates of TG's second Financial Aid Leadership Symposium, held in February 2007, roundly praised the event. Members were energized by discussion and carried back the spirit of the Symposium to their respective home schools.

"The 2007 cohort banded quickly and built strong relationships during the Symposium," said Tom Rebstock, TG senior corporate trainer. "The trust they developed enabled them to analyze issues very deeply and openly."

How can I attend the 2008 Symposium?

To provide you the best learning environment, enrollment in the Symposium is limited to a small, diverse cohort of selected applicants. To apply, complete an application located on *TG Online* at www.tgslc.org/training/leaders.

Note that the application deadline is December 1, 2007.

The fee for the symposium is \$1,000 per participant. The fee includes the full week of classes and materials, as well as hotel accommodations and selected meals.

More information

To learn more about TG's Financial Aid Leadership Symposium, visit *TG Online* at www.tgslc.org/training/leaders or contact Tom Rebstock at (800) 252-9743, ext. 2835, or send an e-mail message to tom.rebstock@tgslc.org.

Trends and issues

Sticky situations: Satisfactory academic progress

In this article, *Shoptalk Online* continues its series on difficult policy issues that come up every so often in the Title IV programs with a discussion of satisfactory academic progress (SAP). Because we know that few areas of financial aid policy are stickier than SAP, we hope to improve your understanding of this area by reviewing SAP requirements, working through some real-life scenarios, and pointing you in the right direction for more information. For previous "Sticky Situations" articles, see *Shoptalk Online* editions [384](#), [390](#), [394](#), [402](#), [409](#), [418](#) and [424](#).

***Federal Student Aid Handbook* guidance**

The 2007-08 *Federal Student Aid Handbook* (FSA Handbook) provides a wealth of helpful information for schools looking to develop or revise their SAP policies. Keep in mind, though, that since ED has granted schools a great deal of latitude in developing and implementing SAP policies, the FSA Handbook will not provide a solution for every situation.

As outlined in the FSA Handbook, there are two primary components of a SAP policy: quantitative, which tracks the amount of coursework attempted and completed, and qualitative, which tracks the quality of performance.

The quantitative component establishes a maximum timeframe in which a student must complete his or her educational program. For an undergraduate program, the timeframe must not exceed 150 percent of the published length of the educational program. For example, an undergraduate student pursuing a degree requiring 120

credit hours would be expected to complete that degree within 180 credit hours and would be ineligible for Federal Student Aid (FSA) if he or she exceeded that threshold. Graduate programs are not subject to the 150 percent maximum time frame, but "a school offering graduate programs must develop, disseminate, and consistently apply a policy defining the maximum timeframe graduate students have to complete their programs" (FSA Handbook page 2-122).

The qualitative component requires that "a student enrolled in a program of study of more than 2 academic years must, once the student has been enrolled for two academic years, have a 'C' average or its equivalent, or have an academic standing consistent with the institution's requirement for graduation. If your school does not use letter grades, it must define the equivalent of a 'C' average" (FSA Handbook page 2-121).

A school may choose to build some flexibility into either or both of its quantitative and qualitative SAP components by, for example, allowing a graduated GPA scale dependent upon grade level or requiring completion of a percentage of coursework annually rather than on a term basis.

Other components that must be included in a SAP policy, per page 2-123 of the FSA Handbook:

- A school must establish specific policies defining the effect of incomplete course grades, withdrawals, repetitions, and noncredit remedial courses on satisfactory progress;
- A school must establish rules for both undergraduate and graduate students who change majors, as well as for students who seek to earn additional degrees; and
- The policy must include provisions for consistent application of the standards to all students within categories (e.g., full-time, part-time, undergraduate, and graduate students), and educational programs established by the school.

A few more things to remember:

The FSA Handbook states on page 1-8 that "[m]inimally you must check ... progress at intervals of one year or half the length of the program, whichever is less." A school may choose to review SAP more frequently, but it must do so as a policy, not on a case-by-case basis.

Also, a SAP review must include all periods of the student's enrollment, even periods in which the student did not receive FSA funds. A student cannot regain eligibility by paying for his or her classes without using FSA, or by sitting out a semester.

Finally, you must always ensure that your policy is written and published and readily available to students so that they know the expectations they are expected to fulfill.

A student is on a probationary status under a school's SAP policy. Is the school permitted to award grants but refuse to award federal loans?

It is permissible for a school to provide for a probationary period in its SAP policy, per the FSA Handbook, page 2-126:

"Your school's policy can also include a limited conditional or probationary period during which a student who doesn't meet your school's SAP standards can continue to receive FSA funds."

However, the school cannot award only grants during a probationary period, because that would constitute a refusal to certify a loan. Federal regulations in 34 CFR 682.603(e) permit a school to refuse to certify a loan only in very limited circumstances, and only on a case-by-case basis. That is, a school may not have a policy, including a SAP policy, to refuse to certify loans for an entire category of students — in this case, those on probation. A student on probation must be offered the same federal financial aid opportunities — including loan access — as a student who is not on probation.

A student has been readmitted to a school under a state law allowing a "Fresh Start", which removed his or her previous grades from the calculation of the GPA. Since the student's GPA now includes only recent coursework, must the school consider the previous coursework when evaluating SAP?

The FSA Handbook says on page 2-126:

"The FSA program regulations make no provision for the concept of academic amnesty or academic renewal. Therefore, a school must always include courses applicable to a student's major (whenever taken) in evaluating a student's satisfactory academic progress (SAP)."

For example, Texas law provides for an academic amnesty program called "Fresh Start," which is described in Section 51.931 of the Texas Education Code; please note that the law specifically allows for exceptions to admission standards only, not financial aid requirements:

"If an applicant elects to seek admission under this section, a public institution of higher education, in considering the applicant for admission, shall not consider academic course credits or grades earned by the applicant 10 or more years prior to the starting date of the semester in which the applicant seeks to enroll. An applicant who makes the election to apply under this section and is admitted as a student may not receive any course credit for courses undertaken 10 or more years prior to enrollment under this section."

A school determines that a student will not be able to complete his degree within 150 percent of the published length of his program of study. Can the school continue to award financial aid until the student reaches the 150

percent point? If the school knows the student needs only a few courses hours beyond the 150 percent point, can it make an exception?

The FSA Handbook says on page 1-10: "If your SAP review makes it clear that a student cannot mathematically finish the program within this period, she becomes ineligible for aid"— however, pages 2-123 and 2-126 state that in the event a student becomes ineligible:

"Your school may permit appeals of adverse academic progress determinations for mitigating circumstances. If you do, your school's written academic progress policy must explain the mitigating circumstances and the appeals procedures ... when you grant an appeal, you are acknowledging that, because of the documented unusual circumstances, the student continues to be FSA eligible even though he or she falls below your school's academic progress standard."

Page 1-10 explains how to award FSA funds to a student who has regained eligibility through the appeals process:

"A student may be paid Pell and Campus-based funds for the payment period in which she resumes satisfactory academic progress. For Stafford and PLUS loans, she regains eligibility for the entire period of enrollment in which she again meets SAP standards unless school policy provides for reinstatement of eligibility at a later point."

A school evaluates SAP after spring grades are posted, but spring grades are not posted until after summer classes begin. If the school determines that a student enrolled in summer school is not making SAP, when does the student become ineligible for aid — as of the date that the determination was made, or beginning the next semester? If ineligibility is effective immediately, should the school cancel and return any aid already delivered to the student before the school determined he or she was ineligible?

Guidance on page 4-29 of the 2006-07 FSA Handbook summarizes the school's responsibilities in this situation; the example provided in the text concerns spring and fall, but could just as easily concern spring and summer:

"CHECKING ELIGIBILITY AT THE TIME OF DISBURSEMENT

Before disbursing FSA funds, a school must first make sure that the student is eligible to receive them. Note that a student may have been making satisfactory academic progress when award letters were mailed in the spring term, but may no longer be making progress when he or she comes to the business office to receive the disbursement at the beginning of the fall term. You must make sure, at the time of disbursement, that the student still meets the eligibility requirements for the FSA funds, and that the appropriate documentation is kept."

If the student is eligible at the time you deliver funds, he or she may keep those funds. However, if a student is determined to be ineligible before you deliver funds, you cannot release the funds unless the student successfully appeals.

Thus, in the scenario provided above, the student who received aid at the beginning of the summer term and was subsequently determined not to be making SAP, would be allowed to keep aid already received — because the student was eligible at the time of disbursement — but would be ineligible for additional aid unless the student submitted a successful SAP appeal.

More information

In addition to the sections of the FSA Handbook discussed in this article, ED provides an online SAP assessment module in the “Tool for Schools” section of its Information for Financial Aid Professionals (IFAP) Web site at <http://ifap.ed.gov/qahome/qassessments/sap.html>. If you have a question about SAP, call TG customer assistance at (800) 845-6267 or send an e-mail message to cust.assist@tgslc.org.

Question of the week

Q.: What is the current PLUS loan origination fee, and can the fee be subsidized for the borrower?

A.: The current PLUS loan origination fee is 3 percent, and, unlike the Stafford loan origination fee, it cannot be subsidized for either the parent PLUS or the Grad PLUS borrower. The PLUS loan origination fee will stay at 3 percent — for parent and Grad PLUS borrowers alike — even when the Stafford loan origination fee, which is currently 1.5 percent, is eliminated — through ongoing annual reductions — on July 1, 2010.

Do you have a question?

If you have a question that needs an answer, feel free to *Ask TG™*. *Ask TG* is TG's online query tool for borrowers, schools, and lenders. It includes a database of frequently asked questions about financial aid, student loan processing, and TG's products and services. To submit a question to *Ask TG*, visit tgslc.custhelp.com.

Legislative update

Several Democratic candidates for the presidential nomination have issued detailed proposals for postsecondary education, including Sen. Hilary Rodham Clinton and John Edwards. Find out more about each candidate's higher education platform through TG's *Legislative Report* available online at www.tgslc.org/lege_report/2007/lr_071016.cfm.

This, that, and the other

If you're looking for an itemized listing of the latest modifications to the 2007-08 *Federal Student Aid Handbook* — something that gives you a chapter by chapter cite of changes — you're in luck. ED has just published "What's New in the 2007-2008 Federal Student Aid Handbook" through the IFAP Web site. The listing notes changes by volume and chapter and offers a contact e-mail for questions about these alterations. You can find the summary online at <http://ifap.ed.gov/sfahandbooks/0708FSAHBKWhatsNew.html>.



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