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Tip^{of} the Week

TG's *Adventures In Education* offers high school seniors a checklist of questions to ask before applying to a particular college or university. Available as a downloadable PDF, the checklist helps students gather information about a school before they make the choice to apply. You can find the list at www.aie.org/handouts/index.cfm.

Federal updates

ED issues hurricane guidance

On August 29, ED released an Electronic Announcement (E-ANN) notifying the financial aid community that it has established a Web site at www.ifap.ed.gov/disaster.html to provide guidance and contact information for students, schools, and others in the higher education community impacted by Hurricanes Gustav and Hanna.

In an effort to maintain open lines of communication, ED encourages all potentially impacted schools to provide alternate contact information at the Web site above or with its regional case team representative.

For hurricane-affected schools in Louisiana and Texas, please contact:

Jackie Shipman

School Participation Team-Dallas
(214) 661-9489
jackie.shipman@ed.gov

For hurricane-affected schools in Alabama, Florida, Georgia, Mississippi, North Carolina or South Carolina, please contact:

Laura Hall
School Participation Team-Atlanta
(404) 562-6265
laura.hall@ed.gov

Regulatory relief

ED also reminds the community of guidance regarding certain special provisions for affected individuals, as well as schools, lenders, and guaranty agencies, located in FEMA-declared disaster areas.

Dear Colleague Letter (DCL) GEN-04-04 details these provisions, and notes that "[u]nless stated otherwise, this regulatory relief applies to all Title IV loan borrowers, students, and their families who, at the time of a disaster, were residing in, employed in, or attending an institution located in an area designated as a Federally-declared disaster area. In addition, it applies to institutions, lenders, and guaranty agencies if they are located in such areas."

It also states that a Title IV participant must document the fact that it has used the exceptions included in this guidance and indicate what alternative procedures were followed.

The DCL provides specific exceptions for FFELP-related issues including repayment, forbearance, guarantor and lender disbursements, and NSLDS reporting. It also addresses agreements to permit study at another institution, length of academic year, cash management issues, lost student records, need analysis, professional judgment, satisfactory academic progress, verification, institutional charges and refunds, R2T4, and campus-based aid provisions.

TG will work with our affected borrowers in providing repayment relief, determined on a case-by-case basis or as specified in any forthcoming guidance.

For more information

The E-ANN is available on the Information for Financial Aid Professionals (IFAP) Web site at <http://ifap.ed.gov/eannouncements/082908IFAPHurricaneWebsiteV2.html>. To read the full text of DCL GEN-04-04, go to the IFAP Web site at <http://ifap.ed.gov/dpcletters/GEN0404.html>. If you have any questions, please contact TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgsic.org.

Two additional public hearings scheduled

Last week, *Shoptalk Online* informed readers that ED had scheduled a series of four public hearings in preparation for conducting negotiated rulemaking (Neg Reg) beginning in February 2009. The Neg Reg sessions will focus on changes brought about by the Higher Education Opportunity Act (HEOA), the recently-enacted Higher Education Act (HEA) reauthorization bill.

Since then, ED has added two more hearing dates and locations. The current full list of hearings now includes:

- September 19, 2008, at Texas Christian University, Fort Worth, Texas
- September 29, 2008, at the University of Rhode Island, Providence Campus, Paff Auditorium, Providence, Rhode Island
- October 2, 2008, at Pepperdine University, Malibu, California
- October 6, 2008, at Johnson C. Smith University, Charlotte, North Carolina
- October 8, 2008, at the U.S. Department of Education, 8th Floor Conference Center, 1990 K Street, N.W., Washington, DC
- October 15, 2008, at Cuyahoga Community College, Cleveland, Ohio

For more information

ED will provide additional information on these hearings in the near future on its HEOA Web page at www.ed.gov/policy/highered/leg/hea08/index.html. We encourage readers to visit the HEOA Web page for information about the steps ED plans to take to assist the financial aid community in understanding and implementing this new legislation.

Reauthorization: Potpourri

In previous editions of *Shoptalk Online*, we examined some of the FFELP-related and grant-related provisions included in the Higher Education Opportunity Act (HEOA), the legislation that amends and extends the Higher Education Act (HEA). We again encourage readers to carefully review the legislation, which was signed into law on August 14, 2008, as it is extensive and covers many topics outside federal student aid that may impact various entities.

We also remind readers that many provisions in this bill are effective upon enactment, and while ED has historically worked with the financial aid community to develop guidelines and deadlines for implementing changes brought about by the reauthorization process, all affected parties are responsible for ensuring compliance with the effective dates in the legislation. For many of the provisions in the HEOA, ED will either publish regulations with a notice and comment period, or conduct negotiated rulemaking sessions to provide clarification and interpretation of the law.

In today's article, we review a "potpourri" of HEOA provisions: odds and ends that are neither FFELP-specific nor grant-specific. These apply to institutional eligibility issues, need analysis, and other Title IV (or non-Title IV, as in the case of Title X) programs. Among other things, the HEOA:

- Revises the 90/10 rule, which currently states that a proprietary school must have not less than 10 percent of its revenue from sources other than Title IV funds. The HEOA, among other changes, increases what proprietary schools may count as revenue toward their 10 percent of non-Title IV revenue.

Specifically, to answer concerns that the College Cost Reduction and Access Act of 2007 (CCRAA) and Ensuring Continued Access to Student Loans Act of 2008 (ECASLA) raised Stafford annual and aggregate loan limits — thereby increasing proprietary schools' Title IV revenue, which could affect compliance with the 90/10 rule — the HEOA provides a temporary remedy to allow for such schools to adjust to the new limits. Thus, for loans received by students between July 1, 2008, and July 1, 2011, the proprietary school counts as non-Title IV revenue the amount of unsubsidized Stafford loan funds that exceed the loan limits that were in effect prior to May 7, 2008 (the date of enactment of ECASLA).

The HEOA also moves the 90/10 rule to within the Program Participation Agreement and eases penalties for noncompliance with the rule.

- Removes veterans' educational benefits from the definition of estimated financial assistance (EFA) — often still referred to as resources — effective July 1, 2010. Currently, a financial aid administrator (FAA) excludes veterans' educational benefits (and AmeriCorps benefits) from a student's EFA only when determining the student's eligibility for a subsidized Stafford loan.
- Increases the amount of Federal Work-Study funds institutions of higher education may use for Job Location and Development (JL&D) programs to not more than 10 percent or \$75,000 of their Federal Work-Study allocations, up from not more than ten percent or \$50,000. Also adds "emergency preparedness and response" to the definition of community service.
- Increases Perkins annual loan limits from \$4,000 to \$5,500 for undergraduate students and from \$6,000 to \$8,000 for graduate and professional students; increases Perkins aggregate loan limits from \$20,000 to \$27,500 for undergraduate students, from \$40,000 to \$60,000 for graduate and professional students, and from \$8,000 to \$11,000 for all other students. These increases are effective with the date of enactment of the HEOA, or August 14, 2008; thus, you could be utilizing these limit increases for otherwise eligible students for the current term. Note that the HEOA did not revive federal capital contributions for Perkins loans, so these increased limits, as is the case with all new Perkins awards, will have to come out of your own Perkins pocket.
- Reduces the number of on-time, consecutive, monthly payments required for rehabilitation of a Perkins loan from twelve to nine. This aligns with the number

of payments required for FFELP loan rehabilitation, although FFELP loan rehabilitation consists specifically of nine on-time, full monthly payments during a period of ten consecutive months.

- Allows an FAA to use professional judgment to consider nursing home expenses not covered by insurance and unusually high dependent care expenses to adjust a student's expected family contribution (EFC). Also, allows an FAA to use discretion to consider a student's or dependent student's parents' dislocated worker status to adjust the EFC.
- Allows an FAA to use discretion to offer unsubsidized Stafford loan funds to a dependent student whose parents do not support the student and refuse to complete a FAFSA. In a case like this, the student would not be required to complete the FAFSA (even without parental information) and would not be considered an independent student; instead, the student would simply be eligible for unsubsidized Stafford loan funds. This provision will present challenges in negotiated rulemaking in determining how much unsubsidized Stafford loan funds the student can borrow and how the school will collect pertinent information and perform required data matches without a FAFSA.
- Authorizes the Secretary of Education to issue regulations that allow the use of the second preceding tax year — often referred to as the prior-prior year — information to simplify the FAFSA process. This may include data sharing between the Internal Revenue Service (IRS) and ED with the taxpayer's permission.
- Adds a new section to the HEA, Title X (“Private Student Loan Improvement”), which addresses private education loans and the Truth-in-Lending Act.

The subtitles of Title X are the following:

- Subtitle A — Preventing Unfair and Deceptive Private Educational Lending Practices and Eliminating Conflicts of Interest
- Subtitle B — Improved Disclosures for Private Education Loans
- Subtitle C — College Affordability
- Subtitle D — Financial Literacy; Studies and Reports

Title X:

- Defines a private education loan as a loan made by a private education lender expressly for postsecondary educational expenses, regardless of whether the loan is released directly to the borrower or through the school.
- States that private education loans do not include Title IV loans, open-end consumer credit plans, and loans secured by real property.

- Establishes prohibited inducement rules and conflict of interest rules; for example, a private educational lender may not use the name, emblem, mascot, or logo of a school in the marketing of private educational loans in a way that implies endorsement by the school.
- Makes it unlawful to impose an early repayment penalty on a private loan.
- Requires a private lender to provide borrower disclosures in the application or solicitation for a private educational loan, at the time of loan approval, and at the time of loan consummation.
- Requires that a private loan applicant complete a "self-certification" that the school will provide to the applicant (on a form to be developed by the Secretary of Education) that will include information on the applicant's cost of attendance, EFC, and EFA, and the difference between such amounts.
- Provides that no funds may be disbursed until acceptance of the loan by the borrower and provides that a borrower is entitled to a mandatory three-day cancellation period after loan consummation.

For more information

TG *Online* contains bookmarked, integrated versions of Title IV of the HEA, Parts B, D, G, and I; Title I; and sections of the Truth-in-Lending Act at www.tgslc.org/policy/hea.cfm.

For questions, contact TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgslc.org.

TG updates

TG releases new edition of *State of Student Aid and Higher Education in Texas*

TG recently published a new edition of the *State of Student Aid and Higher Education in Texas*. TG's publication offers Texas policymakers, their staff, and members of the student financial aid community an overview of key facts that describe student financial aid in Texas. The report includes statistical information on college costs in Texas, the sources and types of financial aid available, average indebtedness of Texas college students, educational attainment levels, and the state's changing demographics, among other things.

"Both the Texas Legislature and the U.S. Congress understand the importance of providing access to college and have sought to ensure that qualified students can get a college education," said Sue McMillin, TG's CEO and president. "*The State of Student Aid and Higher Education in Texas* serves as a resource for those in search of information concerning demographic changes."

Texas will experience profound demographic changes in the coming years. The state's population growth is being fueled by a dramatic increase in young Hispanics, a group that historically has been underrepresented in higher education. TG's report focuses on factors related to college-going rates for Hispanics, including socio-economic background and first-generation status.

"The economic vitality of the state will largely depend on how thoroughly financial barriers to education are removed," said Sue. "As the largest provider of student aid in Texas, TG plays a significant role in helping students achieve their educational goals."

To learn more

You can find the new edition on *TG Online* at www.tgslc.org/research/index.cfm.

Financial literacy focus: Educate your students about credit reports with *Adventures In Education*



Whenever a borrower applies for a loan, whether for a house, car, or business, the lender will run a credit report. A credit report offers a snapshot of a borrower's payment history and functions as a key piece in determining "creditworthiness," that is, the borrower's likelihood of repaying the loan in full. Students learning to manage their finances may not understand the importance of credit reports, even as they apply for credit cards and various kinds of loans. TG's *Adventures In Education* (AIE™) Web site provides a "tutorial" on credit reports, which your students will find informative and easy to understand.

Learning the credit report basics

Knowing what lenders look for is vital to a borrower just establishing credit. AIE's "Understanding Credit Reports" Web page defines the kinds of information lenders consider in their evaluation of a borrower's creditworthiness, including the number and type of any credit accounts, history of late payments or defaults, and the level of outstanding debt. Information along these lines can be found on most credit reports. AIE offers an overview of a generic credit report, reflecting data found on most reports.

AIE's Web page also offers tips on managing credit well, for example, by requesting a credit report annually. Consumers should know their credit score and their credit history as reported to lenders. Credit reports offer a useful way to do this, and they can help a consumer ensure that payment data and other stored information is accurate.

Consumers should be proactive in understanding credit terms and in protecting their credit. AIE's Web page can offer a great resource for doing so and for establishing good credit habits.

Find out for yourself

You can review the “Understanding Credit Reports” page at www.aie.org/College/Paying/Earning/Credit/creditreports.cfm. AIE also offers help in understanding credit scores through its “Understanding Credit Scores” page, located at www.aie.org/College/Paying/Earning/Credit/creditscores.cfm.

Other financial literacy offerings

With AIE's help, you can prepare your students to manage their money and safeguard themselves against unnecessary expenditures. TG offers a variety of financial literacy tools designed to help you teach students the basics of money management, including videos and a set of online interactive resources illustrating the consequences of poor credit card use. A listing of a variety of TG's online financial literacy tools can be found by visiting AIE at www.aie.org/financialliteracy/index.cfm.

Updated *Adventures In Education* brochure available in Spanish and English



TG's *Adventures In Education* (AIE™) offers an assortment of information and interactive features to help students and parents plan and pay for college. Since 1995 when the site was launched, AIE has provided user-friendly tools on important college topics, such as completing the FAFSA and choosing a school, finding the money to go to college, performing well academically, and preparing for a career. Some of AIE's newest offerings focus on various financial literacy topics, including understanding and managing credit cards.

Recently, TG updated its brochure on the Web site, which you can offer to new and continuing students. Available in Spanish and English, the brochure provides an overview of the site's content and explains AIE's resources and tools for researching college, exploring career goals, and learning more about financial aid. Stock the brochure in your office lobby or consider mailing it to students and parents.

To order the brochure

You can order the AIE brochure by visiting *TG Online* at www.tgslc.org/order/index.cfm.

Trends and issues

Question of the week

Q.: A school can provide Title IV aid to an otherwise eligible student who is enrolled in a post-baccalaureate teacher certification program. Can a

school provide Title IV aid to a student in another type of certification program in the field of education?

A.: First, let's establish what makes a postsecondary education program eligible for Title IV aid.

The regulations in 34 CFR 668.8 define an "eligible program" (i.e., one that a student can enroll in and be eligible for Title IV aid) at an institution of higher education as a degree or certificate program. The degree or certificate must be awarded by the school. There are two exemptions in which a student can enroll in coursework that is not considered part of an "eligible program" but for which a student can still receive aid. Those two exemptions are: preparatory coursework for admission into an eligible program (i.e., a degree or certificate program), and post-baccalaureate teacher certification (in which the certificate is awarded not by the school, but by the state in which the student will be employed). For more information, see the 2008-09 *Federal Student Aid Handbook*, pages 1-3 to 1-5.

The post-baccalaureate teacher certification exemption applies only to a certification "that is required for employment as a teacher in an elementary or secondary school in that state" [per 34 CFR 668.32(a)(1)(iii)]. If a student is enrolled in another type of certification program only, the student is not eligible for Title IV aid. The following is from the *Common Manual* Section 5.11:

"[T]his exemption does not apply to students seeking a professional credential or certification that is required for employment as a non-teaching professional (e.g., a school administrator, nurse, or librarian), or to students enrolled in a teacher certification or recertification course that uses direct assessment rather than credit hours or clock hours to measure student progress."

Note that if a school offers a non-teaching professional certification (e.g., a principal certification) as part of another educational credential awarded by the school (e.g., a master's degree program in educational administration) in which the student receives not only the degree, but also the certification, the school may offer a student enrolled in that program Title IV aid. This is because the student is pursuing a degree awarded by the school, which meets the definition of an "eligible program."

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.

This, that, and the other

The Chronicle of Higher Education recently published its annual, comprehensive reference, or *Almanac*, on U.S. colleges and universities. The *Almanac* includes a section on the “Attitudes and Characteristics of Freshmen at 4-Year Colleges, Fall 2006.” Curious about the “highest academic degree planned” for this cohort of freshmen? About 42 percent have focused their sights on getting a master’s degree.

Here are a few other facts gleaned from the report. Business is the most popular major, followed closely by professional fields — law and medicine — and the arts and humanities. Most students say their primary motivation in going to college is to learn more about things that interest them. Getting a good job is the second most cited reason. And a visit to the campus figures in the top four reasons why students chose a particular university, after the school’s academic reputation, the opportunity it offers for getting a good job, and its size.

You can find out more about attitudes for incoming freshmen at <http://chronicle.com/weekly/almanac/2007/nation/0101801.htm>. The source for this particular section of the *Almanac* is a study published by University of California at Los Angeles Higher Education Research Institute titled *The American Freshman: National Norms for Fall 2006*.

Note that *The Chronicle of Higher Education* requires a paid subscription to review some content.



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