

In this issue:

Federal updates	1
R2T4 playbook: Strategies for a winning calculation	1
Closed school corner	5
TG updates	6
Use TG's List Assist SM to help document your lender survey process	6
TG co-sponsors study on student borrowing	7
TG updates <i>New Directions</i> publication to help graduating students into repayment	8
TG and University of Nebraska publish third edition of <i>Enrollment Management Journal</i> ...	9
Order your 2009 <i>TG Calendar</i>	10
TG's holiday hours and <i>Shoptalk Online</i> publishing schedule.....	10
Trends and issues	11
Policy potpourri	11
This, that, and the other	12

Tip of the Week

Mark your calendars to attend the 2009 TG Annual Training Conference to be held April 22-24 in Austin, Texas. To learn more about TG's premier financial aid conference, visit *TG Online* at www.tgslc.org/tgconference/index.cfm.

Federal updates

R2T4 playbook: Strategies for a winning calculation

Do the rules for the Return of Title IV Funds (R2T4) process make about as much sense to you as the rules for the Bowl Championship Series selection system? TG believes that ensuring that your school is in compliance with federal R2T4 regulations should not feel like a contact sport. In this article we will tackle some of the more common R2T4 issues to help keep your team on the right track.

Pre-game planning

When is R2T4 applicable?

R2T4 is applicable to students who begin and then cease attendance in all classes prior to the scheduled end of the payment period or period of enrollment. Remember, R2T4 requirements do not apply to a student who does not actually cease attendance at the school, nor do they apply to a student who never begins attendance. In that case, however, the school does have other responsibilities in returning disbursed funds, which vary depending on the type of aid; see the 2008-09 *Federal Student Aid Handbook* (FSA Handbook), page 5-11, for details. For a student who withdraws after the 60 percent point in the payment period or period of enrollment, there are no unearned funds; but the school must still complete the R2T4 calculation in order to determine whether the student is eligible for a post-withdrawal disbursement.

The R2T4 regulations do not prohibit a school from developing its own refund policy; and although a school, state, or agency refund policy may determine the charges a student will owe after withdrawing, those policies will not affect the amount of Title IV aid the student has earned under the R2T4 calculation.

Fumbling the ball

What if a student fails to earn a passing grade in any class?

A school must have a procedure for determining whether a Title IV aid recipient who began attendance during a period completed the period or should be treated as a withdrawal. If a student who began attendance and has not officially withdrawn fails to earn a passing grade in at least one course offered over an entire period, the school must assume, for Title IV purposes, that the student has unofficially withdrawn, unless the school can document that the student completed the period. In other words, if a student completed the payment period or period of enrollment and truly “earned” her failing grades, the R2T4 calculation would not be required.

When a student unofficially withdraws from a school that is not required to take attendance, the school may use either the student’s last date of attendance at an academically-related activity, or the midpoint of the period as the student’s withdrawal date.

The FSA Handbook (page 5-73) provides a list of examples of academically-related activities, which include:

- Examinations or quizzes
- Tutorials
- Computer-assisted instruction
- Academic advising or counseling
- Academic conferences
- Completing an academic assignment, paper, or project

- Attending a study group required by the institution where attendance is taken

The false start

If a student withdraws before the school's census date, does the school have to perform the R2T4 calculation? What if the student begins attendance, but the school retroactively withdraws him to a date prior to the beginning of the payment period or period of enrollment, and provides the student a 100 percent refund of institutional charges — does the school still have to complete the R2T4 calculation?

A student begins earning Title IV funds on his or her first day of attendance. Therefore, even if a student withdraws before a school's census date, the school must perform the R2T4 calculation using the number of days the student attended, or the number of scheduled clock hours the student attended class. (FSA Handbook, page 5-24)

In the case of a student who begins attendance, but is granted a retroactive withdrawal and receives a refund from the school, the school must perform the R2T4 calculation because the student did attend during the payment period or period of enrollment. The FSA Handbook (page 5-96) describes how to treat a post-withdrawal reduction in charges in the R2T4 calculation:

"If a student withdraws and as a result of applying an institutional refund policy, the school reverses, reduces, or cancels a student's charges, the Return requirements still apply. The statute mandates that an otherwise eligible student who begins attendance at a school and is disbursed or could have been disbursed Title IV grant or loan funds prior to a withdrawal earns a portion of those Title IV funds. If as a result of the withdrawal, an institution adjusts or eliminates a student's institutional charges, or changes a student's enrollment status, the changes made by the institution have no bearing on the applicability of the requirements in 34 CFR 668.22 [the regulations regarding R2T4]. Moreover, the charges used in the Return calculation are always the charges on the student's account prior to withdrawal. However, if a student's enrollment status changed prior to and unrelated to the withdrawal, the effect of that change on institutional charges appropriately should be reflected in any Return calculation."

Regaining possession of the ball

When a student withdraws and the R2T4 calculation indicates that a portion of his Stafford loan must be returned, does the school have to return the funds, leaving the school with a balance due from the student?

If the student receives more Title IV aid than the amount earned, the school, the student, or both, must return the unearned funds in a specified order. If, as a result of the R2T4 calculation, the school is responsible for returning loan funds to a lender, it may then collect those funds from the student. If the student is responsible for returning loan funds, the student does not have to repay the funds

immediately, but may instead repay them according to the terms of the promissory note. (FSA Handbook, pages 5-97 through 5-98)

Calling a timeout

If a student attends part of a nonterm program payment period and withdraws, but reenters within a short time, continues, and then withdraws again, how should the school perform the student's R2T4 calculation?

Per the FSA Handbook, page 5-48, "For credit-hour nonterm-based programs or programs that measure progress in clock hours, a student who withdraws and then re-enters the same program at the same school within 180 days is considered to be in the same payment period he or she was in at the time of the withdrawal. The student retains his or her original eligibility for that payment period, and is treated as though he or she did not cease attendance."

In such a scenario, if a withdrawn student re-enters before the school conducts the R2T4 calculation, the student continues as is and retains eligibility for the aid he was awarded for the payment period.

If the student withdraws again, the school is required to perform the calculation. Page 5-50 of the FSA Handbook provides an example — using clock-hours — of this situation, in which the school "would apply the provisions of the Return regulations using the total number of hours the student completed in the numerator, the full hours in the payment period in the denominator, and then applying that fraction to the total Title IV aid disbursed for the period."

To draw a parallel for a nonterm program: For the *numerator*, the school uses the total number of days the student completed, that is, the total of the number of days from the first day of class to the first time he withdrew, added to the number of days from the date the student resumed attendance to the second time he withdrew; for the *denominator*, the school uses the total days in the payment period.

Is it out of bounds?

If we certify a Stafford loan for a student, and he withdraws before the loan is disbursed, do we count the loan as aid that could have been disbursed in the R2T4 calculation?

The loan may be counted as aid that could have been disbursed as long as the loan is certified by the date the student withdraws and the student completes the MPN by the date that the school completes the R2T4 calculation. Depending on the results of the R2T4 calculation, the student may receive all or a portion of the first disbursement of the loan, but not any second or subsequent disbursements, as the student did not complete the period for which the loan was intended.

Additionally, any undisbursed Title IV aid for the period that the school uses as the basis for the R2T4 calculation is counted as aid that could have been disbursed as

long as the following conditions were met before the date the student became ineligible (refer to 2008-09 FSA Handbook, page 5-60):

- For all programs except PLUS, ED processed a Student Aid Report (SAR) or Institutional Student Information Record (ISIR) with an official EFC for the student.
- For a Federal Supplemental Educational Opportunity Grant (FSEOG) award, the school made the award to the student.
- For a FFELP or Direct loan, the school certified or originated the loan, as applicable.
- For a Federal Perkins loan, the school made the award to the student.
- For ACG and National SMART Grants, the student was enrolled full time.

More information

R2T4 is discussed in the Higher Education Act and the federal regulations in HEA 484B and 34 CFR 668.22, respectively. The FSA Handbook, Volume 5, Chapters 2 and 3, provides a wealth of information about the R2T4 process, including multiple case studies. If you have questions about R2T4, please contact TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgsic.org.

Closed school corner

The following table provides a list of newly reported school closures and error corrections from the Postsecondary Educational Participants System (PEPS) and from the December 2008 *Closed School Monthly Report* supplied by ED. Schools listed are those with which TG has done business or to which TG has otherwise provided services.

Newly reported closures

OPE School ID	School Name and Address	Unofficial Closure Date	ED's Official Closure Date
02231902	Gemological Institute of America-Los Angeles 600 Corporate Pointe, Ste.100 Culver City, CA 90230-7616	N/A	11/30/2008

TG updates

Use TG's List AssistSM to help document your lender survey process

TG recently unveiled a new electronic tool for creating and managing lender surveys used in producing a recommended lender list. Offered at no cost to schools and lenders, List AssistSM helps schools gather and compare lender data electronically. For lenders, it offers a convenient system for responding to surveys and downloading responses for reuse in other surveys, or Requests For Information (RFIs).

One of the notable advantages of List Assist is that it simplifies the survey process for both schools and lenders. For example, List Assist makes information-gathering easier by offering a ready-made library of questions from which to choose. It also provides an assortment of reports that schools and lenders can use to document their process, tabulate responses, and even print out for recordkeeping purposes.

List Assist's reports

To provide a better sense of how to use the variety of reports that List Assist offers, here's a short description of each report.

- **Weights and Ratings** — Document key aspects of the survey creation process with this report. The report includes the list of questions selected for the survey, the relative weights assigned by a school to each of the questions, as well as any pre-determined ratings for questions that require a single answer. The report also documents the school's description of rating criteria.
- **Lender Scorecard** — Print a copy of each lender's response with this report. A school can print all responses to a given survey or just the responses of a particular lender. The report offers the list of questions, the lender's response to each, and the rating the school assigned to each response, if one has been entered. The report is helpful especially for school committees tasked with evaluating lender responses.
- **Survey Results** — To produce a summary view of lenders that provided responses, print this report. Lender names and IDs will remain masked until the school has chosen to finalize the results of the survey. The report can be sorted by lender name, date received, or composite score.
- **Distribution List** — Use this report to print a list of lenders that currently have a survey. A school can use the report to confirm the accuracy of e-mail addresses.
- **Single Question Review** — Run this report to produce a cross-section view of a specific question. The report displays the question selected, the category of the question, each lender's response to that question, and the rating the school

has assigned to the response, if it has been entered. This report is especially useful in comparing and evaluating lender responses, including numeric and free-text responses.

- **Lenders' Response Report** — A lender has the ability to print a school's survey request at any point, including before or after submitting responses. A lender can also download a comma-delimited (CSV) file of survey data, which may be used to load questions and responses to another system.

More about List Assist

To learn more about List Assist, view an online demo of the product. Visit *TG Online* at www.tgslc.org/products/index.cfm and click "TG List Assist Demo" in the right column. Or call your TG account executive at (800) 252-9743.

TG co-sponsors study on student borrowing

A TG co-sponsored report just released by the Institute for Higher Education Policy (IHEP) and *Excelencia* in Education contends that a large percentage of students do not use student loans to help pay for their college expenses, even if there is a financial need to do so. For many, the lack of funding or the choice not to use student loans could result in these students not acquiring a degree, potentially undermining their ability to realize the increased earning power a degree can bring.

The report, "Student Aversion to Borrowing: Who Borrows and Who Doesn't," highlights the borrowing patterns of students and provides insight about why certain students may not borrow. Interviews taken from students and financial aid officers, along with student demographic and enrollment characteristics, were used to formulate the basis of the study.

"An aversion to borrowing could be limiting college enrollment choices for some students, which is a possible indication of a larger problem that is related to student decision-making," said IHEP president Michelle Asha Cooper, Ph.D. "It is important to identify the patterns and behaviors of students who do not want to borrow in order to help financial aid administrators, high school counselors, and others target students who may need additional help in deciding how to finance their college career."

Many of the discoveries point to a borrowing divide along some racial groups; for example, Asian and Hispanic students are less likely to borrow than their White or African-American counterparts, according to the report. The study also found that non-borrowers may follow a family or ethnic culture related to taking on debt. Latino students and parents expressed reluctance to take on student loan debt for fear of not being able to pay back the loan amount. Instead, they prefer to use a "pay-as-you-go" system for attending college.

"The report helps substantiate our support of policies that increase the level of need-based grant aid for students," said Sue McMillin, President and CEO of TG. "There are many cases, however, where students choose to finance higher

education by using strategies that undermine their ability to complete a degree. The more we understand how students make these decisions, the better able we are to provide all of the information they may need to make an informed decision.”

In Texas, according to TG data, more than 80 percent of all financial aid awarded to students comes from the federal government. Nearly two-thirds of the aid to Texas students is in the form of low-interest, federally-guaranteed student loans, with the majority of the loans being taken out by White students.

“TG is pleased to have served as a financial supporter of this important new study,” said McMillin. “As one of the leading student loan guarantors in the nation, we have an interest in how students and families choose to pay for college, and most importantly, how those choices may affect their success in attaining a degree or certificate.”

To view the report

You can obtain a copy of the full report at IHEP’s Web site at www.ihep.org.

TG updates *New Directions* publication to help graduating students into repayment



TG offers graduating students a publication to support them as they begin repaying their educational loans and start their career after college. *New Directions: A Guide to Repaying Your Stafford Loans* offers graduating students useful information on their repayment obligations with regard to Stafford loans and provides tips on budgeting, estimating loan payments, deferment, forbearance, and avoiding default.

The publication also serves as a resource on other topics, including managing money; the student’s rights and responsibilities as a borrower of Federal Stafford loans; the consequences of not handling repayment of a student loan; how to determine a loan payment amount; and the options available if the student has difficulty making payments.

Offer the booklet to your students who are graduating or about to graduate.

To order the booklet

To order copies of *New Directions* for your office, visit *TG Online* at www.tgslc.org/order/index.cfm.

TG and University of Nebraska publish third edition of *Enrollment Management Journal*

TG, in collaboration with the University of Nebraska–Lincoln, has released the third issue of a scholarly publication on enrollment management.

Enrollment Management Journal: Student Access, Finance, and Success in Higher Education is coedited by Barbara Y. LaCost and Brent D. Cejda, professors in the Department of Educational Administration at the University of Nebraska–Lincoln. The publication features the work of researchers and college professionals and aims to help schools in their efforts at enrolling, retaining, and graduating more students.



Inside the issue

The current issue contains a wealth of information for both scholars and researchers. As with previous issues, the journal is broken up into three sections.

The “Scholarship and Research” section highlights empirical studies and conceptual papers that have completed a blind, refereed review. Articles in this section cover such topics as the relationship of student engagement to learning, student satisfaction, and the likelihood of persistence; the issue of dropping or de-registering community college students for tuition nonpayment; and developing an approach to successfully recruiting and retaining international students.

The “From the Field” section focuses on college programs that inform practice in enrollment management. Two pieces in this section describe institutional programs that focus on first-year students. The last entry in this section includes a listing of recently completed dissertations on topics related to enrollment management.

Finally, the “Legislative Update” section incorporates a focus on the federal level as related to college costs and financial aid. This issue’s update begins with an overview of actions related to higher education taken by the 110th Congress and key issues in the FFELP that await action by the 111th Congress.

More about the publication

The *Enrollment Management Journal* is an initiative of the Council for the Management of Educational Finance. The refereed journal focuses on issues of student access and success, and the role financial aid plays in whether students achieve their educational goals. The *Enrollment Management Journal*, which is available by subscription, was published three times in 2008 but will become a quarterly publication in 2009.

To subscribe

To begin receiving the *Enrollment Management Journal*, subscribe through *TG Online* at www.tgslc.org/emj/index.cfm.

Order your 2009 *TG Calendar*

If you're looking for a convenient tool for tracking conference dates and holidays, one that fits on your office or cube wall and doubles as a source of inspirational art for you and your staff, order the 2009 *TG Calendar*.

This year's calendar makes an informative addition to any office, listing all federal holidays as well as the dates for many industry conferences. Best of all, it's really two calendars in one — flip a calendar page and find a different layout for a given month. The different layouts let you use the calendar in the way you prefer.

Calendar's financial literacy message

Each month of the calendar mentions a different financial literacy learning resource from TG that you can offer your students. In times of economic change, students need to be equipped with sound money management skills and financial know-how. TG's many training tools provide information to help you provide your students with this knowledge. From interactive credit card reports to loan calculators and budget worksheets, TG's financial literacy resources offer a strong grounding in the basics of money management. The calendar pays specific attention to TG's comprehensive program of financial literacy training, Positive+Balance™. Positive+Balance features informative presentations for students and financial aid professionals on financial literacy topics such as credit, money management, and much more.



To order the 2009 *TG Calendar*

You can order the 2009 *TG Calendar* by visiting *TG Online* at www.tgslc.org/order/index.cfm.

To find out more about TG's financial literacy training

To learn more about Positive+Balance, you can speak with your TG account executive at (800) 252-9743. Or you can direct questions to Rett Anderton or Joe Braxton, TG's default aversion consultants. Rett Anderton may be reached at (800) 252-9743, ext. 4765, or by sending an e-mail message to rett.anderton@tgslc.org. Joe Braxton may be reached at (800) 252-9743, ext. 4696, or by sending an e-mail message to joe.braxton@tgslc.org.

TG's holiday hours and *Shoptalk Online* publishing schedule

TG will be closed on Thursday and Friday, December 25-26, for the Christmas holiday and on Thursday, January 1, for the New Year's holiday.

Shoptalk Online will also be taking a short hiatus. You will receive your next weekly edition of *Shoptalk Online* on Tuesday, January 6.

Happy Holidays!

Trends and issues

Policy potpourri

Q.: We are reviewing our exit counseling materials for students who are graduating this month. Can you remind me of the new requirements for exit counseling?

A.: The Higher Education Opportunity Act (HEOA) reauthorized the Higher Education Act (HEA) and amended exit counseling requirements in Section 485(b) of the HEA. Effective August 14, 2008, in addition to information currently required in regulations, the following new and revised information must be provided in Stafford, Grad PLUS, and Perkins exit counseling:

- Information on available repayment plans, as well as a description of the different features of each plan;
- Sample information showing the average anticipated monthly payments under each repayment plan, including the difference in interest paid and total payments under each plan;
- General descriptions of the terms and conditions for full or partial forgiveness or cancellation, deferment, or forbearance;
- A copy of a publication from ED — yet to be distributed — that will include extensive loan literacy and debt management information
- The borrower's option to prepay each loan, pay on a shorter schedule, and change repayment plans;
- The likely consequences of default, including delinquent debt collection procedures, adverse credit reports, federal offset, and litigation;
- General description of the types of tax benefits that may be available to borrowers;
- The availability of NSLDS as well as how the borrower can use the system to obtain information on her loans; and
- The consequences of consolidating Title IV loans, including at least:
 - The effects on total interest and fees to be paid, and length of repayment;
 - The effects on underlying loan benefits, including grace periods, and forgiveness, cancellation, and deferment options;
 - The option to prepay the loan or change repayment plans; and

- Variation in borrower benefit programs among different lenders.

More information is located in Section 485(b) of the Integrated HEA on *TG Online*, available at www.tgslc.org/policy/hea.cfm.

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

If you've wondered whether children who believe in Santa are psychologically-harmed when they learn he's a myth, two Canadian psychology researchers provide an answer. The researchers compared a survey of children (7 to 13 years old) carried out in 1896 with subsequent studies, done in 1979, 1980, and 2000. The researchers said most children learn that Santa isn't real from other children and then ask their parents for confirmation. Once they find out the truth, children don't suffer any ill effects, even going along with the myth for the sake of younger siblings or other kids who still believe. The researchers did note that modern-day parents are more likely to tell their children Santa is real than parents from the turn of the 20th century. Only about half of parents told their sons and daughters about Santa in 1894, while a full 80 percent went along with the story in 2000.

You can read more about the Santa research in the online *Chronicle of Higher Education* at http://chronicle.com/news/index.php?id=5628&utm_source=pm&utm_medium=en. Note that some articles in the *Chronicle* are available only to subscribers.



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To ask questions about *Shoptalk Online*, please contact Communications at (800) 252-9743, ext. 4732, or send an e-mail message to communications@tgslc.org.

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