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**TG closed on Martin Luther King, Jr. Day**

TG will be closed next Monday, January 18, in observance of Martin Luther King, Jr. Day. TG will resume normal business hours on Tuesday, January 19.

**Smart Solutions**

Offer your students a primer on one of the basic elements of the financial aid process — completing the Free Application for Federal Student Aid, or FAFSA. TG provides this helpful overview through its [Adventures In Education Web site](#).

# Industry Update

## Neg Reg update

As reported in *Shoptalk* editions 530 and 531, the fall 2009 Negotiated Rulemaking (Neg Reg) sessions are in full swing. For this round of Neg Reg, ED has established two committees, or "teams," to develop proposed regulations on a variety of issues. Team I is discussing issues relating to program integrity, while Team II is considering topics specific to foreign institutions.

Team I held its second meeting on December 7-11, 2009. As a reminder, this team is considering the following topics:

- Definition of a high school diploma for the purpose of establishing institutional eligibility to participate in the Title IV programs, and student eligibility to receive Title IV aid
- Ability to benefit
- Misrepresentation of information to students and prospective students
- Incentive compensation
- State authorization as a component of institutional eligibility
- Gainful employment in a recognized occupation
- Definition of a credit hour
- Agreements between institutions of higher education
- Verification of information included on student aid applications
- Satisfactory academic progress
- Retaking coursework
- Return of Title IV funds (R2T4) for term-based programs with modules or compressed courses
- R2T4 and taking attendance
- Disbursements of Title IV funds

The team has so far reached tentative agreement on the issue of retaking coursework, while the other topics remain under consideration. Discussion of several of these issues, such as defining acceptable high school diplomas, incentive compensation, and gainful employment in a recognized occupation, has proven to be challenging due to their complexity.

## **Definition of a high school diploma**

Attainment of a high school diploma, or its recognized equivalent, is a key eligibility requirement for many students to receive Title IV program funds, and is also an admission requirement for “regular students” enrolled at schools participating in Title IV programs. To ensure that Title IV funds are provided only to qualified, eligible students, ED is proposing criteria and tracking processes for schools to use in determining if students have completed acceptable high school programs for this purpose. These measures may include defining high-level attributes of acceptable high school program completion, as well as researching unfamiliar high school credentials to verify if they are acceptable (eliminating issues with illegitimate schools, such as diploma mills). Current discussions revolve around identifying these attributes or criteria, and determining responsibilities and documentation processes for schools.

## **Incentive compensation**

One component of an institution's Program Participation Agreement is a prohibition on providing any commission, bonus, or other incentive payment to any individual or entity engaged in recruiting or admission activities or in making decisions regarding the award of Title IV funds, when that payment is based directly or indirectly on success in securing enrollments or financial aid. The regulations implementing this provision of the HEA specify 12 types of payment and compensation plans that do not violate this statutory prohibition (“safe harbors”), as detailed in 34 CFR 668.14(b)(22)(ii).

One option under discussion is to eliminate the regulatory safe harbor provisions, and instead allow the regulations to simply mirror the language in HEA Section 487(a)(20). Another proposal would be to retain some safe harbor provisions in order to minimize confusion among institutions in attempting to comply with the HEA requirements. The team also suggested that ED develop definitions for unclear or ambiguous terms that appear in the HEA.

## **Gainful employment in a recognized occupation**

Some postsecondary education or training programs qualify students to receive federal student aid by virtue of the fact that they “prepare students for gainful employment in a recognized occupation.” Although accrediting agencies currently exercise considerable control over approval of such programs by evaluating curricula and student outcomes, the committee is considering various means by which a clearer link can be established between institutions’ programs and occupations recognized by the U.S. Secretary of Labor. Regulations developed in this area would apply to undergraduate and graduate non-degree programs at public and private nonprofit institutions, as well as all programs (including degree programs) at for-profit institutions.

The intent of this proposal is to ensure that a student is prepared for gainful employment in a recognized occupation upon completion of a program of study.

Some of the topics on this team's agenda are under discussion as a result of comments ED received during the public hearings it held last summer. Two of these issues, verification and satisfactory academic progress, may be of particular interest to schools.

### **Verification of information included on student aid applications**

The team is considering how the current verification regulations should be modified to align with recent statutory changes to the need analysis provisions and with operational improvements in the application processing system, such as the IRS data retrieval process (see *Shoptalk* edition 530). ED has proposed removing the specific reference to a 30 percent verification requirement, since it is based on a statutory provision that no longer exists, and attempting to more narrowly focus verification requirements on certain data elements for specific students. ED is not proposing to increase the number of students it selects for verification in exchange for the more targeted verification approach.

The negotiators are also discussing how to address changes that occur within an award year, subsequent to the student's completion of the FAFSA. ED has also proposed that all changes occurring as a result of verification of a student's application — with the exception of a student who is not eligible for need-based aid — be submitted to the Central Processing System (CPS), even if the changes do not affect the student's Pell grant eligibility.

### **Satisfactory academic progress (SAP)**

Modifying and strengthening the SAP regulations, in order to better ensure that students who are receiving Title IV aid are progressing appropriately in their academic programs within a reasonable time period, is the intent of this agenda topic. One of the primary items under consideration is a change in the frequency with which an institution evaluates SAP, while still preserving institutional flexibility. Another issue being considered is the length of time a student not maintaining SAP may be permitted to continue to receive Title IV aid upon appeal. Finally, the team is discussing the development of clearer explanations of certain elements of the SAP process, such as "appeal," and "probationary period."

### **More information**

Team I will hold its third session on January 25-29, 2010. At this final, scheduled meeting, the negotiators will attempt to achieve consensus on the issues and the proposed regulatory language. ED has developed a Team I Web page, available at [www.ed.gov/policy/highered/reg/hearulemaking/2009/integrity.html](http://www.ed.gov/policy/highered/reg/hearulemaking/2009/integrity.html), that includes the Team I list of negotiators, the committee's organizational protocols, and the issue summaries developed by ED (excerpts of which were provided above).

A similar page exists for the Team II committee at [www.ed.gov/policy/highered/reg/hearulemaking/2009/foreign-schools.html](http://www.ed.gov/policy/highered/reg/hearulemaking/2009/foreign-schools.html). Team II is holding its second meeting on January 11-15, and its third meeting will occur on February 22-26.

To provide comments on the issues under consideration, please consult the list of negotiators provided on ED's Neg Reg Web page for the appropriate team.

Once the Neg Reg sessions have concluded, ED will publish proposed rules and provide an opportunity for public comment. Final rules will be published no later than November 1, 2010, and will be effective July 1, 2011.

## Loan Purchase Programs update

On January 5, ED published Ensuring Continued Access to Student Loans Act (ECASLA) announcement #79, which announces a 0.71 percent participant yield rate for the quarter ending March 31, 2010. This rate should be used when calculating Participant (i.e., ED's) Yield on Participation Principal balances that have been funded by ED during the quarter of January 1, 2010, through March 31, 2010.

### More information

The complete announcement and attachments are available on ED's ECASLA Web site at <http://federalstudentaid.ed.gov/ffelp>.

## Reminder: Extenuating circumstances provisions for PLUS loans

The Ensuring Continued Access to Student Loans Act (ECASLA) created a specific expansion of the extenuating circumstances under which a lender may approve a PLUS loan, even if adverse credit is identified in the applicant's credit history for a loan disbursed on or after July 1, 2008. This provision allows a lender to approve such a loan, provided the lender determines that during the period beginning on January 1, 2007, and ending on December 31, 2009, an applicant is or has been 180 days or less delinquent on mortgage loan payments on the applicant's primary residence or on medical bill payments for the applicant or the applicant's family, and has not or is not more than 89 days delinquent on the repayment of any other debt.

### More information

Please see the *Common Manual*, Subsection 7.1.B for additional guidance.

## Current special allowance rates: quarter ending December 30, 2009

The following rates apply for the quarter ending December 30, 2009:

For the quarter ending December 31, 2009, the average rate for three-month commercial paper (financial) was 0.21 percent. This rate is also used to compute the Participant Yield paid to the Department on loans subject to the loan participation purchase program. For loans where the special allowance payment is based on the bond equivalent rate of 91-day Treasury Bills, the average rate during the quarter ending December 31, 2009, for 91-day Treasury Bills was 0.07 percent.

The FFELP special allowance rates for the most recent quarter are available at [www.tgslc.org/policy](http://www.tgslc.org/policy).

### Questions

For questions about special allowance rates, contact your TG lender consultant at (800) 252-9743.

## TG Report

### TG to offer financial literacy symposium for proprietary schools in January

TG is offering a series of financial literacy symposia in 2010. TG's first symposium for the year, to be held on January 26 in San Diego, is designed to help proprietary schools advance their financial literacy efforts and, in turn, assist families and students. The event, which runs from 9 a.m.–3:45 p.m. Pacific Time, will provide attendees with strategies for building effective financial literacy programs and offer insight into improving existing programs.

The symposium's agenda covers a range of topics that should benefit financial aid professionals, educators, and other student services professionals, including:

- **Financial literacy and career schools (a case study):** Learn how one career college designed its financial literacy program to meet the needs of families and students.
- **Roundtable discussion:** Discuss the case study, ask questions, and share your insights with peers.
- **On-campus financial literacy assessment:** Explore various delivery methods for financial literacy programs.

- **TG resources:** Hear more about what TG offers in support of campus financial literacy efforts and share your ideas for future financial literacy resources and materials. Your input is valuable as TG continues to develop products and services to support professionals managing financial literacy programs.
- **Building a community:** Learn about and discuss TG's Positive+Balance Community<sup>SM</sup> and identify ways it can further help professionals and educators learn and share best practices, connect with colleagues, download useful presentations, and more. The Positive+Balance Community is a social networking site created to foster dialogue among financial aid professionals who are developing and managing financial literacy initiatives.

View the complete agenda for the day's events on [TG Online](#).

### To register

Join TG for the San Diego symposium, or register for another symposium event through [TG Online](#).

### To learn more

For questions about the 2010 TG financial literacy symposia, please contact Margie Harvey, TG's financial literacy segment manager, at (800) 252-9743, or send an e-mail message to [margery.harvey@tgslc.org](mailto:margery.harvey@tgslc.org).

## TG's Public Benefit Grant Program now accepting Letters of Inquiry from interested institutions

TG is pleased to announce that its Public Benefit Grant Program is now accepting Letters of Inquiry (LOIs) for projects to be funded in the 2010-11 academic year.

Application guidelines and materials are available [online](#). The LOI template must be submitted on or before Thursday, February 4, to be considered. TG will send an e-mail within one business day, confirming receipt of each LOI.

The Public Benefit Grant Program is designed to support nonprofit educational institutions and organizations that work to raise rates of college participation, student retention, and academic success. These institutions should be serving the needs of students from low- to moderate-income families, either directly or indirectly.

TG's competitive grant program is open to nonprofit organizations and Title IV-approved nonprofit or state-supported postsecondary institutions. Other eligible entities are listed in an online [FAQ](#) about the Public Benefit Grant Program.

Two important changes have been made to the grant proposal process for the 2010-11 academic year:

- This year, TG will employ a two-step proposal review process. The first step requires applicants to complete a LOI template on or before February 4. Within two weeks of that time, TG program staff will review and respond to all LOIs received, informing applicants of the status of the application. At that time, applicants will be notified if they are being invited to continue to stage 2 of the competition, which will involve completing a full application. More details about the information required in the full application will be provided to those prospective grantees invited to continue.
- The grant categories have changed. The need-based aid category has been eliminated as a separate category. However, applicants may propose need-based aid as a component of a project that involves direct services. A new category of organizational capacity building has been added.

### **Webinar to offer process overview and help**

To learn more about the program, TG encourages prospective grantees to participate in the information session being offered online on Wednesday, January 13, from 2 p.m.-3 p.m. Central Time. This session will include an overview of TG and the Public Benefit Program, an explanation of the grant guidelines, and details about the changes to the application and review process. There is no cost to participate; a recording of the session will be posted online after the event.

### **To register for webinar**

To [register for the information session](#), please visit *TG Online* for more information. If you have any questions, please contact TG's director of public benefit grants Kristin Boyer at [kristin.boyer@tgslc.org](mailto:kristin.boyer@tgslc.org), or call (800) 252-9743, ext. 4518.

### **Join TG at Dallas regional training**

TG will offer a full-day workshop on regulatory and industry topics on Thursday, January 28, at Dallas Baptist University. The training, which runs from 8 a.m. to 3 p.m. Central Time provides an overview of the latest legislative and regulatory developments affecting federal student aid programs. Attendees will learn more about TG's FY 2010 product plans, as well as possible future products and services.

Other training topics will include:

- **Life of the loan — From delinquency prevention to surviving the consequences of default:** Learn about the due diligence activities that occur during each phase of delinquency and discuss the consequences of default.
- **Best practices in customer service:** Discuss procedures that have proven successful when implementing good customer service in a financial aid office. Attendees will also take away a copy of TG's publication, *Customer Service in Financial Aid*.

- **Income-Based Repayment basics:** Find out how Income-Based Repayment (IBR) could benefit certain borrowers by minimizing monthly payments. This segment of the program describes how borrowers qualify for IBR, outlines the benefits IBR provides to the borrower and the school, and offers ideas for educating borrowers about IBR.

## Register

To register for the Dallas regional training, visit *TG Online* at [www.tgslc.org/training/regional/register.cfm](http://www.tgslc.org/training/regional/register.cfm).

## To learn more

Visit [www.tgslc.org/speakers/index.cfm](http://www.tgslc.org/speakers/index.cfm) to browse the TG Speakers Bureau training catalog. Keep in mind that TG can adapt training sessions to meet the needs of your campus. To find out how, contact your account executive at (800) 252-9743.

## Help families and students estimate college costs with TG's EFC calculator

The beginning of the calendar year means two things to many students and families: the start of a semester and the filing of the Free Application for Federal Student Aid (FAFSA). In completing the FAFSA, the student takes the first step in the financial aid process, securing what for many is an essential source of funding for a college education. Among other things, the FAFSA is used to calculate a family's EFC, or expected family contribution, toward a student's educational expenses.

To help students and families budget for these college expenses, *TG's Adventures In Education* (AIE™) offers a number of online calculators, including the Expected Family Contribution, or EFC, Calculator. (AIE is a college- and career-planning Web site that provides resources and information to families and students.)

The EFC calculator provides an estimate of what the student and his or her family will be expected to contribute towards educational expenses for the academic year of postsecondary education with which the FAFSA is associated. The calculator follows the formula used by the Department of Education (ED) but notes that official information is provided by ED once the student completes and submits the FAFSA.

## Explore AIE's other calculators

You can find AIE's calculator tools, including the EFC Calculator, online at [www.aie.org/Calculators/index.cfm](http://www.aie.org/Calculators/index.cfm). If you have questions about any of these tools, contact TG's communications team at (800) 252-9743, ext. 4588, or send an e-mail message to [communications@tgslc.org](mailto:communications@tgslc.org).

## Policy Resources

### Common Manual updates

Guarantor representatives who serve on the *Common Manual* Governing Board have approved several changes to the *Common Manual*. Details on these changes and a newly updated *Integrated Common Manual* incorporating the changes will be available on *TG Online*. These changes will appear in the *Manual's* next annual update.

### Questions

Please note the effective date of each policy change. If you have questions about any of the changes, contact TG customer assistance at (800) 845-6267, or send an e-mail message to [cust.assist@tgsic.org](mailto:cust.assist@tgsic.org).

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### News Briefs

More families are considering 529 college savings plans that provide a diversity of investments, especially investments in companies that offer eco-friendly products. According to a recent *Wall Street Journal* article, demand has grown among savings plan investors for “green” funds. In response, a number of 529 college savings plans have added more socially responsible investments to their investment rosters. At least one — the District of Columbia College Savings Plan — provides enough funds to create a diverse SRI portfolio. Learn more about [the “greening” of 529 college savings plans](#).

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*Shoptalk* is published by TG. Unless specifically noted, the policies and procedures outlined in *Shoptalk* apply only to loans made under the TG guarantee and not to loans underwritten by other guarantors.

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

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