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|---------------------------|----------------------|---|------------------------------------|----------------------------|----------------------------------|---------------------------|

**Inside this issue**

**Industry Update ..... 2**

- Final rules revamp verification ..... 2
- Defining a “credit hour” for Title IV program purposes ..... 8
- Reporting and disclosure requirements for gainful employment in a recognized occupation.....14
- Gainful employment in a recognized occupation — new programs .....20

**TG Report ..... 23**

- TG schedules early 2011 webinars for TG Financial Literacy Program.....23
- Join TG for a December webinar on entrance and exit counseling .....24
- Evaluating your default prevention effort? Take TG’s school self-assessment .....24
- New TG financial literacy workshop for students offers strategies for solving debt problems.....25

**News Briefs ..... 26**

**Smart Solutions**

Your fall graduates are probably in the middle of lining up job interviews. Offer them [Adventures In Education's sample résumés](#) to use as a template in creating or enhancing a résumé. A concisely-worded, well-organized résumé can be a candidate’s foot in the door for that first position after college.

# Industry Update

## Final rules revamp verification

The [final rules on Program Integrity topics](#) introduce significant changes to verification requirements and also include new requirements on providing updated information to ED. While most of the final rules in the Program Integrity package are effective on July 1, 2011, ED has delayed the effective date of the verification rule changes until July 1, 2012. The delayed implementation of these rules will provide schools with more time to study and understand the changes, make needed system updates for the 2012-2013 award year, and amend school policies and procedures on verification. These rules address statutory need analysis changes, integration of the new IRS Data Retrieval process, and other changes.

### Definitions

Under §668.52, ED introduces the term "specified year" to mean the calendar year preceding the first calendar year of an award year, i.e., the base year or the year preceding the base year. ED also moves away from mentioning individual Title IV programs by name throughout the regulations, instead referring to them as the "subsidized student financial assistance programs" and "unsubsidized student financial assistance programs." The definitions of some other terms were moved to §668.2: Free Application for Federal Student Aid (FAFSA), Institutional Student Information Record (ISIR), Student Aid Report (SAR), valid ISIR, and valid SAR. These terms are important to support a requirement that a school obtain a valid (correct) SAR or ISIR in order to disburse funds under any subsidized student financial assistance program.

### Policies and procedures, and use of professional judgment

The final rules specify that a school's written policies and procedures for verifying an applicant's FAFSA information must specify the deadline by which an applicant is to provide appropriate documentation as requested by the school to meet verification requirements. The school's procedures must also specify that the school will complete verification for a selected applicant before making any professional judgment (PJ) changes to the applicant's cost of attendance (COA) or to the values of any data items used to calculate the applicant's Expected Family Contribution (EFC). A selected applicant includes any individual enrolled at the school who is chosen by ED or the school for verification.

ED notes in the preamble to the final rules that if a selected applicant is seeking a dependency override, a school first determines if the applicant should be considered an independent student. If so, the school obtains a valid ISIR on that basis and then initiates corrections or PJ adjustments to the applicant's data.

ED also makes the following statements in the preamble (see p. 66904): "Under these final regulations, an institution must verify the items selected for verification before making any professional judgment adjustments regardless of whether an institution is making adjustments to the item being verified. Prior to the effective date for subpart E of part 668 of these final regulations, for an application selected for verification, an institution must verify the data elements identified in current §668.56 before making any adjustments regardless of whether an institution is making adjustments to the item being verified... To ensure that any professional judgment adjustments made by an institution are based on accurate information, we believe that all FAFSA information selected for verification, whether selected by the Secretary or the institution, must be verified before the institution can exercise professional judgment."

### **Selection of an applicant's FAFSA information for verification**

In these new rules, ED eliminates the current regulatory provision that permits a school to limit its verification activities to 30 percent of applicants selected by ED. This change is based on several important considerations. First, the statistical analysis process used by ED to select applicants for verification has become more effective and efficient in identifying applications with the highest likelihood of significant error. Therefore, it is important to ED that these most likely error-prone FAFSA results be verified to ensure the integrity of the data and the appropriateness of Title IV program awards based on the data in question. In conjunction with the refined process for identifying likely errors, ED intends to require verification of only those specific data items identified as most error-prone for an individual applicant, as described in more detail below. This should alleviate some burden on students and schools. Finally, ED is removing the 30 percent cap only after the IRS Data Retrieval process has been introduced to allow for importation of federal tax return data to an online FAFSA on the Web application. ED expects the IRS Data Retrieval process to significantly reduce school burden.

In response to concerns raised in public comments on the proposed rules, ED addresses the issue of verification-related school burden in the final rule preamble as follows: "While some institutions, particularly those that enroll greater numbers of Pell Grant applicants, have more applicants whose FAFSA information is selected for verification, we believe that overall burden will be reduced across institutions." ED also reminds schools that "it does not view the 30 percent limitation as applying to its own enforcement and monitoring activities, including program reviews and audits." (see p. 66904)

ED indicates in the final rule preamble that it will make reasonable efforts to limit the possibility of an applicant being subject to multiple verification requests during an award year: "As we develop the selection criteria for determining which FAFSA information must be verified for an individual applicant (i.e., selection criteria for determining which FAFSA information is prone to error), we will build into the

system procedures that limit the possibility of any applicant being subject to additional FAFSA items needing verification after the first selection has been made. However if our analysis shows that, based on submissions of corrections, additional FAFSA information should be verified, perhaps because it is inconsistent with the 'corrected information,' an applicant may have to verify those additional items." ED points out that follow-up verification requests may include the same or different FAFSA information for an applicant, based on changes made to previously submitted information. An applicant who fails to complete a subsequent verification request may lose eligibility for the Title IV aid sought (see p. 66905).

Some commenters on the proposed rules also suggested that the removal of the 30 percent limit on verification requirements will increase barriers for the neediest students to receive financial assistance for postsecondary education. ED does not agree with this concern because as indicated above, the verification process is expected to be more efficient and effective for both applicants and schools. ED states, "we do not expect that these new requirements will add a burden or increase barriers for students, including those from low-income backgrounds. We have not been presented with any evidence to support that these requirements will increase barriers for the neediest students to apply for financial aid to pursue higher education."

Additionally, in response to a question regarding the impact of these new requirements on the Quality Assurance (QA) Program, ED comments in the preamble that the changes made to the verification regulations are not expected to alter the way in which the QA Program operates. ED also plans to expand the number of QA Program participants, especially among minority-serving schools, community colleges, proprietary schools, and schools that serve non-traditional students or that provide program instruction in non-traditional ways.

The final rules outline scenarios in which a selected applicant may be exempted from verification. A school need not verify data for an applicant who:

- Dies during the award year
- Does not receive Title IV funds for reasons other than failure to verify FAFSA information
- Receives only unsubsidized student financial assistance
- Transfers to the school after previously completing verification at a prior school, and who applies for assistance based on the same FAFSA information used at the prior school, if the current school obtains a letter from the prior school indicating the prior school verified the applicant's information and providing the transaction number of the valid ISIR.

For unusual circumstances involving a dependent applicant's parents or an independent applicant's spouse, respectively, ED exempts only those applicants whose:

- Parents or spouse residing outside the U.S. cannot be contacted by normal means
- Parents or spouse are mentally incapacitated
- Parents or spouse cannot be located

### **FAFSA information to be verified**

ED has removed regulatory language that previously specified five standard data items for schools to verify for all selected applicants. This is because ED is now in a position to more effectively target only those items on the FAFSA that are the most prone to error for a given applicant, as explained above.

ED will publish annually in the *Federal Register* a list of potential verification items for an upcoming award year, approximately 4 to 6 months prior to the start of the application processing year. This will give ED and schools time to prepare their systems and processes. The list of data items might include any of the five currently-required verification items or other data items included on the FAFSA. A school will not verify exactly the same information for each selected applicant — the nature of the verification request will depend on the results of the analytical processing of the applicant's FAFSA information. ED plans to include on the applicant's ISIR individual flags to indicate which items must be verified.

### **FAFSA information to be updated**

An applicant is required to update any data items that impact dependency status throughout an award year, *except* changes resulting from a change in the applicant's marital status. (This is different from the proposed rules.) While not required to do so, a school may require an applicant to update his or her marital status if the school determines the update is necessary to address an inequity or to more accurately reflect the applicant's ability to pay. A school may include in its policy a cut-off date after which it will not consider any updates specific to an applicant's marital status. Also, if an applicant is asked to verify household size or number in college, any updates are to report this information as of the date of verification, except when based on a change in marital status.

### **Acceptable documentation for verification**

In the final rules, ED codifies many of the current documentation requirements that can be found in the Application and Verification Guide. However, there are a few technical changes.

ED clarifies that if an applicant uses the IRS Data Retrieval process during the FAFSA filing or correction process, a school may consider IRS-provided data as acceptable documentation if the data has not subsequently changed. To assist schools in making this determination, an applicant's ISIR will indicate if the information came from the IRS directly and has not changed.

Further, in cases where an applicant is subject to verification and is granted a 6-month tax filing extension by the IRS, the final rules specify that a school must accept a copy of an applicant's IRS Form 4868 — Application for Automatic Extension of Time to File U.S. Individual Income Tax Return — that was filed with the IRS or a copy of an IRS approval notice granting an extension beyond the 6 months as acceptable documentation to verify an applicant's FAFSA information. While a school may request a copy of the final tax return, it is not required to do so and it may not delay verifying the applicant's FAFSA information. If a school receives a copy of an applicant's filed tax return at the end of the extension period, the school must re-verify the adjusted gross income and taxes paid on the tax return.

Also, for a tax return completed by a tax preparer, the new rules require the copy of the return collected by the school to include, in addition to the preparer's name, signature or signature stamp, and address, the preparer's Social Security Number (SSN), Employer Identification Number (EIN), or Preparer Tax Identification Number (PTIN).

### **Documentation deadlines and consequences for failure to provide documentation**

The rules continue to state that an applicant selected for verification must submit required documentation within deadlines prescribed by ED or a school. A revised provision specifies that a school may pay Federal Pell Grant funds to a student who completes verification and has a valid ISIR, but who is no longer enrolled, based on the EFC amount indicated on the post-verification ISIR (or SAR).

Additionally, with the new rules, if an applicant does not meet applicable deadlines and the school has received Direct Subsidized Loan funds from ED, it must follow cash management rules outlined in §668.166(a) and (b) pertaining to management of excess cash funds.

### **Interim disbursements and recovery of funds**

The regulations continue to afford schools flexibility to provide an interim disbursement to an applicant prior to completion of verification activities. The purpose of such a disbursement is to lessen the financial hardship that a student may otherwise experience due to a delay in receiving Title IV funds.

After verification is completed, if a school determines that changes to an applicant's information will not change the amount the applicant will receive in Title IV funds, the school may make one disbursement from each of the Federal Pell Grant, Federal Perkins Loan, or FSEOG programs for an applicant's first payment period of the award year. A school may employ, or allow an employer to employ, an applicant who is an eligible student under the FWS program for the first 60 days after the student's enrollment in the award year. For loans, a school may originate and disburse Direct Subsidized Loan proceeds for an applicant.

A school must ensure that FAFSA information corrections are made; and as with current rules, a school continues to be responsible for overpayments that are not recovered by reducing subsequent disbursements during the award year.

Under the recovery of funds rules for overpayments as a result of interim disbursements, if a school makes an interim disbursement of subsidized student financial assistance to an applicant and does not receive a corrected ISIR by the applicable deadline, it must reimburse the program from its own funds.

### **Consequences of a change in an applicant's FAFSA information**

The final rules require that a school submit any non-financial errors to ED for correction. In addition, a school must submit all changes to an applicant's information if any individual financial data element changes by an amount of \$25 or more.

ED also made revisions to §668.164 to reflect that any dependent student whose parent is applying for a Direct PLUS Loan must complete a FAFSA in order to obtain an ISIR with an official EFC to meet the conditions for a late disbursement. In addition, a school may not make the late disbursement of Title IV funds unless it has received a valid ISIR for the student by the deadline noted in the *Federal Register*. A school will need to ensure that its processes will support these changes.

### **Campus collaborations**

Successful integration of these changes into a school's financial aid management system (FAMS) will be vital, so financial aid officers will need to work with their information technology colleagues or third-party servicers to prepare their systems before the 2012-2013 application processing period begins.

For a school that is willing to provide interim disbursements to applicants, it will also be important to develop and discuss policies, procedures, and process controls with business office colleagues to ensure alignment.

### **For more information**

All schools participating in the Title IV programs are advised to carefully review the new verification provisions in the final rules. For more information on these

regulations, as well as the other topics included in the Program Integrity final rules, please refer to the November 4, 2010, [Shoptalk special edition](#) as it includes the New Regulations Roadmap tool providing page references for preamble and regulatory language on each topic, for both proposed and final regulations. This will facilitate easier navigation of the NPRM and final rules publications.

For questions about the final regulations, please contact TG Customer Assistance at (800) 845-6267, or send an e-mail message to [cust.assist@tgslc.org](mailto:cust.assist@tgslc.org).

## Defining a “credit hour” for Title IV program purposes

In the [Program Integrity final rules](#) published on October 29, 2010, ED provides a comprehensive definition of a “credit hour” that must be used by schools to determine eligibility and funding amounts in the Title IV programs authorized under the Higher Education Act (HEA). In doing so, ED seeks to improve consistency among Title IV participating schools in determining equitable and comparable amounts of student work required to award a credit hour.

The new definition also permits reasonable, school-determined equivalencies that are reviewed and evaluated by a school’s accrediting agency (or approved state agency), to provide a degree of flexibility in recognition of diverse ways in which schools offer educational programs and measure academic work performed by students.

### Credit hours for academic and federal program purposes

The concept of a credit hour was developed in the academic realm as a part of a process to establish a uniform measure of faculty workloads, costs of instruction, educational efficiency rates, and transfers of coursework. Neither the HEA nor the federal student aid regulations provided a corresponding definition of a credit hour.

However, many non-degree undergraduate programs are subject to “clock-to-credit-hour conversion rules” that date back to the early 1990s. The rules provide a mathematical formula that may be used by schools offering these types of vocational training programs to switch from measuring the programs in clock hours to measuring them in credit hours instead. The clock-to-credit-hour rules require minimum levels of clock hours needed to convert to a semester, trimester, or quarter credit hour for measuring academic work in a program.

Based on several program integrity principles designed to ensure appropriate allocation of federal program funds, ED has determined that it is important to define a credit hour at this time. These principles include:

- Under the HEA and federal regulations, a credit hour is a basic measure of the amount of student work for which Title IV funds are provided; it is therefore

important to assure that a credit hour includes an appropriate level of educational content to justify Title IV eligibility and funding amounts.

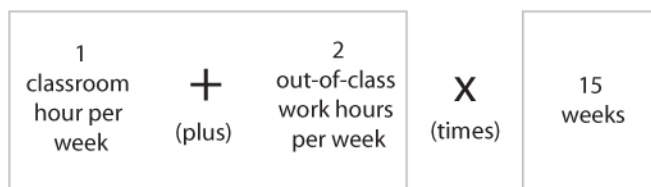
- A school is responsible for making appropriate assignments of credit hours to student work.
- A school's accrediting agency (or approved state agency) is responsible for evaluating the appropriateness, consistency, and compliance of the school's credit-hour assignment process.

In defining a credit hour for Title IV program purposes, ED emphasizes in the [preamble of the proposed](#) and [final rules](#) that a school may — but is not required to — use the same definition for both federal program purposes and academic purposes. The preamble to the final rules provides an example of the authority reserved by schools to make their own determinations of requirements for academic purposes that may not match requirements for Title IV funding purposes. For instance, a school may choose to define full-time enrollment status as a course load of at least 15 semester credit hours for academic purposes, while defining full-time enrollment as at least 12 semester credit hours for Title IV funding purposes.

### **Definition for Title IV program purposes**

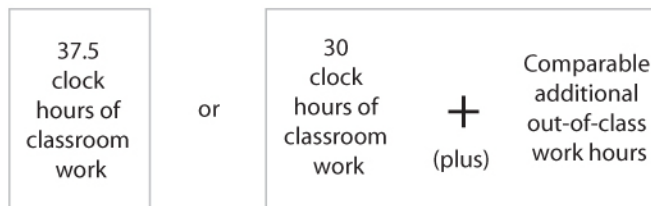
Credit hour: In general, a credit hour is an amount of work represented in intended learning outcomes and verified by evidence of student achievement that is a school-established equivalency approximating no less than the following:

At least:

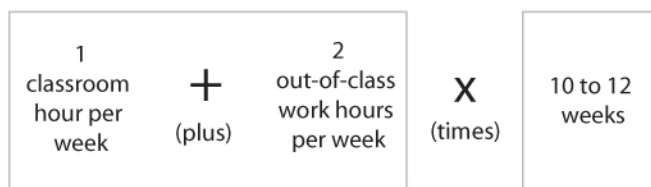


**Semester credit hour  
or  
Trimester credit hour**

For programs subject to clock-to-credit-hour conversion rules, at least:

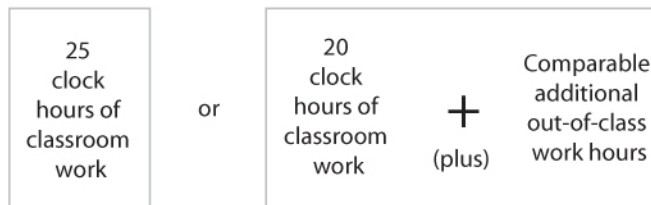


At least:



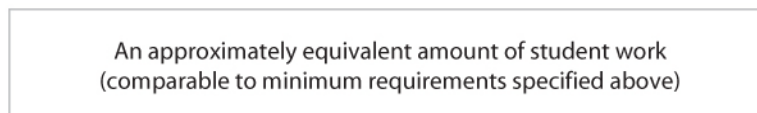
**Quarter credit hour**

For programs subject to clock-to-credit-hour conversion rules, at least:



**Other types of academic  
work for which credit  
hours are awarded  
(e.g., lab or studio work,  
internship, practicum)**

At least:



This chart may also be printed or saved as a [PDF document](#) for later reference.

The credit and clock hour equivalencies shown in the chart above are derived from the current definition of an “academic year”: 24 semester or trimester credit hours, 36 quarter credit hours, or 900 clock hours.

There are additional requirements and conditions specified in the final rules that merit specific mention here:

- A program is considered to be a clock-hour program for Title IV purposes if the credit hours awarded in the program do not conform to the minimum requirements described above. In such a case, ED may require a recalculation of the Title IV funds awarded to students in the program, and require a school to repay any excessive Title IV funds provided on the basis of an incorrect assignment of credit hours. The final rules preamble also states, "In cases where the amount of credit hours assigned to a program is significantly overstated, the Secretary may fine the institution or limit, suspend, or terminate its participation in Federal programs." (see last paragraph on p.66847 that continues on p.66848).
- The minimum number of clock hours required for clock-to-credit-hour conversion, as described above, depends on whether a school's non-degree undergraduate program includes student work outside of class that the school wishes to count in addition to clock hours of classroom work. If a school wishes to count both components, the school may use the lower conversion rate above – but the combined total of classroom and out-of-class work hours must equal or exceed the higher conversion rate above (see p. 66950 of the final rules). Note that the regulatory language uses the phrase "clock hours of instruction" to refer to classroom work, but the final rules preamble specifies, "We do not want to limit the interpretation of class time only to direct instruction in order to take into consideration other in-class activities such as examinations." (see p. 66849). In the case of a program in which some courses require student work outside of class while other courses do not, both the higher and lower conversion rates may be used within the program as appropriate (see p. 34812 of proposed rules preamble and p. 66857 of final rules preamble).

However, the lower conversion rate can be used only if neither the school's accrediting agency nor its approved state agency (if applicable, for approval of a public postsecondary vocational school) has identified any deficiencies with the school's policies and procedures for assigning credit hours or its implementation of the credit-hour assignment process.

- A non-degree undergraduate program that would otherwise be subject to the clock-to-credit-hour conversion rules is exempted from those rules if each course in the program is acceptable for full credit toward a degree program of at least two academic years in length that is offered by the school, and students are enrolling in, and graduating from, that degree program. Special guidance is provided in the preamble to the final rules regarding new degree programs used for this purpose (see p. 66854).

- If a non-degree undergraduate program must measure student progress in clock hours for purposes of federal approval or state licensure, or if completion of a specified number of clock hours is required for graduates to apply for licensure or authorization to practice the occupation for which the program prepares students, the program is considered to be a clock-hour program for Title IV funding purposes. Clock-to-credit-hour conversion is not an available option for such a program. However, this provision does not apply to a program that includes a “limited” practicum, internship, or clinical experience component to satisfy a state licensure or federal approval requirement (see p. 66950 of final rules).
- Finally, if a non-degree undergraduate program using the clock-to-credit-hour conversion option does not provide all of the clock hours used as a basis for the conversion to credit hours, or does not require attendance in the clock hours used for that purpose, the program is considered to be a clock-hour program for Title IV funding purposes (see p. 66950). Current federal regulations address excused absences in determining if a student successfully completes the clock hours in a payment period in §668.4(e), and that guidance applies here also (see p. 66856 of final rules preamble for more details).

The preamble to the final rules also explains how to approach credit-hour assignments in a “competency-based program” that does not use either credit hours or clock hours as a basis for awarding credits (see p. 66852).

### **Transition for new rules**

The final rule is effective July 1, 2011.

However, for students currently enrolled in educational programs subject to clock-to-credit-hour conversion rules as of that date, a school may:

- Apply current regulatory standards to those students until they complete their programs, or
- Apply the revised regulatory standards for all students enrolled in payment periods in the 2011-12 award year and subsequent award years.

For students who enroll or re-enroll in a clock-to-credit-hour conversion program on or after July 1, 2011, the new conversion rules will apply.

Another time-sensitive topic addressed in the final rules preamble pertains to the review and evaluation of a school’s credit-hour assignment policies, procedures, and application of those policies and procedures by the school’s accrediting (or state approval) agency. Those agencies need to implement the review-and-evaluation requirements for their schools by July 1, 2011, if possible, so schools can demonstrate compliance with this rule. ED explains in the preamble to the final rules that if a school’s accrediting or state agency is not compliant with the new

requirements by July 1, 2011, the school will nevertheless be required to comply with the new credit hour definition by that date — to include use of the higher conversion rate for programs subject to clock-to-credit-hour conversion rules until the agency is compliant with its new requirements (see pp. 66848, 66853, and 66857). ED also indicates that if an accrediting agency needs to request more time to fully implement its new responsibilities, such a request will be reviewed on a case-by-case basis if sufficient justification is provided for requesting additional time (see p. 66853).

### **Campus collaborations**

While the new definition of a credit hour is focused on establishing minimum requirements for Title IV program purposes, there are broader implications of this change that will impact campus officials responsible for the assignment of credit hours in coursework for academic purposes also. A school will need to determine if it plans to use the same or different definition of a credit hour for academic and federal program purposes, and depending on that decision, evaluate the need for any resulting changes in academic or federal program assignments of credit hours to ensure that Title IV funds are awarded only in compliance with the new rules.

For any non-degree undergraduate programs subject to clock-to-credit-hour conversion requirements, a close examination of coursework underlying the credit hours awarded to students must be completed to determine if the current assignment of credit hours in those programs will be acceptable based on the higher conversion rates introduced in the final regulations.

A financial aid officer needs to alert the school's administration about this regulatory change, to engage the appropriate decision makers in a timely analysis of the potential impact of the change on the school's credit-hour assignments. ED states in the preamble to the final rules that "Institutions will not be required to change their current systems of awarding credit for academic purposes which in many instances will already be compliant with these final regulations, but some institutions will be required to make the necessary changes to ensure accurate and equitable credit assignments for Federal program purposes." (see p. 66850).

### **To learn more**

For more information on revised regulations, as well as the other topics included in the Program Integrity final rules, please refer to the November 4, 2010, [Shoptalk special edition](#). For questions about the final regulations, please contact TG Customer Assistance at (800) 845-6267, or send an e-mail message to [cust.assist@tgslc.org](mailto:cust.assist@tgslc.org).

## Reporting and disclosure requirements for gainful employment in a recognized occupation

As outlined in the November 4, 2010, *Shoptalk special edition* article entitled “Gainful employment – a work in progress,” two separate *Federal Register* notices published on October 29, 2010 contain final rules for schools offering educational programs that are intended to prepare students for gainful employment in a recognized occupation. This article focuses on the final rules published in the [Program Integrity final rules](#) on that date. A separate article in this edition of *Shoptalk* summarizes the other final rules published on October 29 that cover requirements for a school seeking to offer an additional program of this nature. Both of these sets of final rules are effective July 1, 2011.

Final rules regarding educational program metrics on student debt levels and repayment success are expected to be issued in early 2011, with an effective date of July 1, 2012.

As a reminder, schools in each sector of postsecondary education — public, nonprofit, and for-profit — are impacted by the gainful employment regulations.

For public and nonprofit schools, gainful employment rules apply to non-degree training programs that qualify for Title IV program funds – because the defined objective of those programs in the Higher Education Act (HEA) and federal student aid regulations is to prepare students for gainful employment in a recognized occupation. (This excludes “two-year transfer programs” – non-degree programs at least two academic years in length that are acceptable for full credit toward a bachelor’s degree, as described in current rules at §668.8(b)(1)(ii).)

For-profit schools qualify to participate in Title IV programs based on the same defined objective in the HEA and regulations, but the gainful employment rules apply to virtually all programs that qualify for Title IV funds (except certain bachelor’s degree programs in liberal arts).

### **A focus on informed decision-making by students**

The primary objective of the new reporting and disclosure requirements for these types of programs is to provide prospective students with answers to the following questions:

- What specific job(s) is the program designed to prepare me to perform?
- How successful have graduates of the program been in securing employment in the targeted job(s)?
- Do students generally complete the program within the expected (normal) amount of time?

- What is the total cost of the program that I will need funding to cover?
- How much loan debt (federal, private, and school-based) do students typically incur in the program?

To answer these questions, a school analyzes its historical data. The information derived from the data is provided to prospective students in promotional materials and posted on the school's program Web pages.

The educational debt data for students completing a program is also reported to ED (along with other data), so that ED may compute median loan debt amounts for those students, by program, for Title IV loan debt and also for debt incurred from private educational loans and school financing plans. ED provides the median loan debt amounts to the school for inclusion in the above disclosures.

More details about the data and how it is to be used for these purposes are provided below.

### **Evaluation of program data at the federal level**

A secondary objective of the reporting process described above is to provide ED with a range of data on a school's gainful employment programs and the students who enroll in them. This includes data identifying the students who begin, complete, or remain enrolled in these programs during the reporting period, data on the specific occupations for which the programs provide training, and data on whether the students who complete these programs go on to enroll in other, higher-level programs at the same or another school.

### **A closer look at the reporting process requirements**

Program data reported by a school includes the program's name and focus. A program's focus is described by its Classification of Instructional Program (CIP) code. CIP codes were developed by ED's National Center for Education Statistics (NCES) to provide a standard system for program classifications and descriptions.

Program data also includes the total number of students enrolled in a program at the end of an award year.

Student data is also reported by award year for each such program and includes a number of items:

- Identifying information (e.g., for purposes of extracting NSLDS loan data) for any student enrolled in a program at the end of an award year, the name and CIP code of the program, and the school ID.
- For a student who began attending a program during the year, the name and CIP code of the program

- For a student who completed a program during the year, the name and CIP code of the program and the date of program completion, along with the following:
  - The amount the student received from private education loans for the program
  - The amount the student owed the school as a result of using an institutional financing plan, as of the date on which the student completed the program
- An indicator specifying if the student enrolled in a higher-credentialed program at the school after completing the program in question, or, if available, evidence that the student transferred to a higher-credentialed program at another school after completing the program in question (to assist ED in calculating median debt loads for students completing the program, as explained below)

### **Employment in a “recognized occupation”**

Just as there is a standard classification system for educational programs (CIP codes), there is also a standard classification system for occupations. Standard Occupational Classification (SOC) codes were developed by the Office of Management and Budget (OMB) for this purpose. The SOC system is used by federal statistical agencies (and others) to classify workers into occupational categories for the purpose of collecting, calculating, or disseminating data.

The U.S. Department of Labor developed an online system to provide more convenient access to SOC codes and related occupational information. The online system is known as O\*NET (Occupational Information Network). O\*NET OnLine includes a crosswalk tool that ties CIP codes to their corresponding SOC codes. This crosswalk tool tying CIP codes to the corresponding O\*NET-SOC codes is a cornerstone of a school’s information disclosures to prospective and enrolled students under the new gainful employment rules. Schools may access the [O\\*NET crosswalk tools](#) through the Web.

### **Details on the required disclosures**

As indicated above, a school will supply information to prospective students about the particular jobs for which a program prepares them by providing the O\*NET-SOC codes for those occupations, along with the names of the occupations and Web links to the occupational profiles on O\*NET. If there are more than 10 of these, a school may provide the names, SOC codes, and links to a representative sample of the occupations in which its program graduates typically find employment within a few years after completing the program.

There are a number of other information items a school must supply to prospective students in promotional materials and post on the school’s Web site. The school is expected to prominently provide this information in a “simple and meaningful manner” on the home page of its program website. The school must also provide a

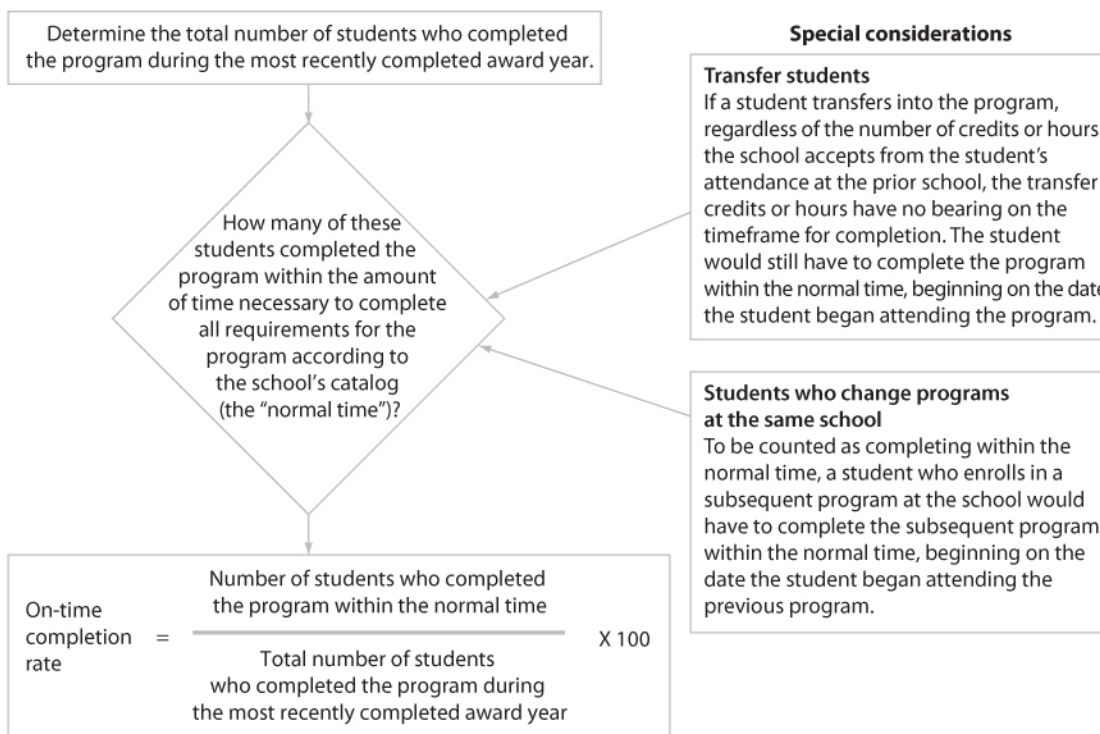
prominent and direct link to this page on any other Web page containing general, academic, or admissions information about the program. The information is to be displayed in an “open format” that can be retrieved, downloaded, indexed, and searched by commonly-used Web search applications.

A school must also provide a Web link or other access to the program cost information the school makes available to prospective and enrolled students under current regulatory requirements found in §668.43(a).

At present, there is no specified disclosure format for schools to use when providing this information to prospective students. However, due to the importance of providing the information in an effective manner, ED intends to develop a disclosure form for this purpose in the near future. Public comment on the design and content of the form will be solicited through the information collection process under the Paperwork Reduction Act of 1995. When the form is finalized, ED will notify schools to use it for these disclosures.

The other program information required to be disclosed to prospective students includes the following:

- Total amount of tuition and fees charged to students for completing the program within the “normal time” (defined in current rules at §668.41(a) as “the amount of time necessary for a student to complete all requirements for a degree or certificate according to the institution’s catalog”)
- Typical costs for books and supplies for the program (unless included in the tuition and fees)
- Cost of room and board, if applicable
- Other costs, such as transportation and living expenses (final rules say this “may” be included)
- Placement rate for students who completed the program (more information provided below)
- Median loan debt incurred by students who completed the program, as provided by ED, for two separate debt categories: Title IV loans, as determined by ED from the National Student Loan Data System, and private loans and institutional financing plan debt as reported by the school
- Any other information provided by ED about the program
- On-time completion rate for the program, based on the calculation process described below



This chart may also be printed or saved as a [PDF document](#).

Note: In response to a public comment on these proposed rules, ED clarified that the published time to complete a program according to a school's catalog may include make-up days. Also, "normal time" in a clock-hour program may include a provision for excused absences in determining if a student successfully completes the clock hours in a payment period. Current regulatory requirements at §668.4(e) apply here.

### Transitional rules on placement rate calculations

Similar to the transitional implementation approach adopted by ED on disclosure formats as described above, the placement rate for a program subject to gainful employment rules will be calculated in a certain manner beginning on July 1, 2011, and then shift to a standardized approach as soon as possible thereafter. Initially, a school required by its accrediting or State agency to calculate a program placement rate will use that rate for this purpose, and will specify the agency under whose requirement the school calculated the rate. If the agency's requirement for a placement rate calculation is not program-specific, the school will use the agency's methodology and data the school has obtained to calculate a program-level placement rate.

This preliminary placement rate approach will be replaced by a methodology to be developed by NCES to calculate program placement rates, along with developing

the processes necessary for determining and documenting student employment and reporting placement data to ED using the Integrated Postsecondary Education Data System (IPEDS). ED explains how this process will include public input (see pp. 66837 – 66838).

### **Clarifying median loan debt for Title IV and other educational borrowing**

The preamble to the final rules includes an extensive discussion on median loan debt that addresses:

- What constitutes a private education loan, and the borrower, lender, and school's knowledge of – and role in – the borrower's self-certification process to obtain the loan (see p. 66840)
- What constitutes a student loan debt arising from a school financing plan (p. 66840)
- How median loan debt will be computed for a student who changes programs while attending a school, or a student who goes on to enroll in (matriculate to) a higher-credentialed program at the same or different school after completing the program in question, based on whether or not the student completes the subsequent program (see pp. 66840 - 66842)

This is important information for a school to study, because the school's understanding of these definitions and considerations will impact the accuracy of the reporting process and ED's resulting calculations.

### **Reporting dates to keep in mind**

A school's historical data needed to complete the required reporting process must be collected and reported to ED beginning in 2011 with data from the 2006-07 – 2009-10 award years, then rolling the period forward a year at a time for future, annual reporting. A school's first data submission is due by October 1, 2011. If any data is unavailable, the school must explain the reason to ED.

After the first year of reporting, the annual due date will be no earlier than September 30 but no later than the date established by ED through a notice published in the *Federal Register* for this purpose.

### **Campus collaborations**

Compliance with these rules will require a major undertaking for schools offering programs that prepare students for gainful employment in a recognized occupation. Most of the data to be reported is not "financial aid information," so a number of other offices on campus will need to play a major role in the school's efforts to research and provide this information to ED.

Data on students who began, completed, or continued enrollment in a program of this nature during an award year needs to be captured, along with records on any subsequent enrollment of such students in higher-credential programs, so the registrar's office will have a substantial role to perform. The school's responsibility to report information on program costs and institutional charges, and on private education loan borrowing and school finance plan debts, will heavily involve the business office. Placement center personnel (if any) will be called upon to provide historical information about employment outcomes for program completers, as well as linkages between program subject matter and targeted jobs for graduates. Administration or academic officials may need to provide the official CIP codes for each gainful employment program. Administration officials will also need to orchestrate this overall effort on behalf of the school.

The school will need IT system support to collect, store, and report the information to ED. IT support personnel will also play a key role in supporting the school's efforts to comply with the new disclosure requirements that specify where and how program information is to be included on the school's Web site and program pages. Electronic promotional communications with students must also be revised as appropriate.

Finally, third-party record storage vendors, if any, will also need to understand the school's information needs.

### **To learn more**

For more information on revised regulations, as well as the other topics included in the Program Integrity final rules, please refer to the November 4, 2010, [Shoptalk special edition](#). For questions about the final regulations, please contact TG Customer Assistance at (800) 845-6267, or send an e-mail message to [cust.assist@tgslc.org](mailto:cust.assist@tgslc.org).

## **Gainful employment in a recognized occupation — new programs**

In a previous article in this edition of *Shoptalk*, ED's final rules on new reporting and disclosure requirements for schools offering educational programs that are intended to prepare students for gainful employment in a recognized occupation were summarized. This article focuses on [final rules](#) published in a separate *Federal Register* notice on October 29, 2010, to address requirements for a school seeking to offer an additional program leading to gainful employment for students.

These final rules are effective July 1, 2011, except that schools are not required to comply with ED's information collection requirements in these rules until the Office of Management and Budget (OMB) has approved the requirements and ED has published in the *Federal Register* the assigned OMB control number. These rules

establish interim requirements for approval of gainful employment programs with initial enrollment beginning after July 1, 2011, in anticipation of final rules on performance-based requirements for approving new programs to be issued by ED in early 2011, with an effective date of July 1, 2012.

Although over 90,000 comment submissions were received by ED on gainful employment proposed rules, only several hundred of them pertained to approval of additional programs. ED reviewed all of the comments on this limited topic, and considered them in formulating these interim requirements for new programs.

As a reminder, schools in each sector of postsecondary education – public, nonprofit, and for-profit – are impacted by the gainful employment regulations. For public and nonprofit schools, gainful employment rules apply to non-degree training programs that qualify for Title IV program funds. With respect to for-profit schools, the gainful employment rules apply to virtually all programs that qualify for Title IV. Additional details about impacted programs are provided in the other gainful employment article in this edition of *Shoptalk*.

The goal of these final rules is to establish requirements for schools to notify ED of plans to offer an additional program of this nature, and to apply for approval if so required by ED.

### **Definition of an “additional educational program”**

A new or additional program includes any of the following:

- A program with a Classification of Instructional Programs (CIP) code that is different from the CIP code for any other program
- A program with the same CIP code as another program, but that leads to a different completion credential (degree or certificate)
- A program that the school’s accrediting agency determines to be an additional program

### **Notification requirements**

A school must notify ED at least 90 days before the first day of class when it intends to offer a new program that prepares students for gainful employment:

- The school provides an explanation of why and how the new program was developed, how the school determined the need for the program, and how the program is designed to meet job market needs.
- The school describes how the program was reviewed or approved by, or developed in conjunction with, business advisory committees, program integrity boards, public or private oversight or regulatory agencies, and businesses that would be likely to employ graduates of the program.

- Documentation of the program's approval or inclusion in the school's accreditation is provided (or similar documentation from a recognized state agency for a public vocational school, if applicable).
- If the program is being offered in connection with, or in response to, a governmental entity initiative, the school provides that information also.
- If the school performed any wage analysis for the program, a description of the analysis is included.

If the school fails to submit timely notice as required, fails to obtain approval from ED if required to do so as a part of that process, or incorrectly determines that the new program does not need to be approved by ED, the school must repay to ED any Title IV funds received by or on behalf of students enrolled in the program.

### **Response from ED**

ED may require the school to obtain approval for the additional program. If so, ED will notify the school of this at least 30 days before the first day of class specified by the school in its notification. ED may require the submission of additional information to determine whether to approve the new program in such cases. Otherwise, the school may proceed to offer the program as planned.

In the final rules, ED describes the factors it will consider in reviewing a school's plans to offer a new program:

- The school's demonstrated financial responsibility and administrative capability
- Whether the additional program is one of several new programs that will replace similar programs currently provided by the school, or if it will supplement or expand the school's current offerings
- Whether the number of additional programs being added is consistent with the school's past program offerings, growth, and operations
- Whether the process and determination by the school to offer an additional program is sufficient

If ED denies approval for the new program, the reason for this decision will be explained to the school and the school will be given an opportunity to respond to ED's concerns and to request reconsideration by ED.

### **Campus collaborations**

A financial aid officer should alert the school's administration of the requirements in this final rule, since a new program may be developed without direct knowledge or involvement by the financial aid office in the early stages of the developmental effort. Academic and other administrative officials will need to carefully consider the

evaluative factors identified above as a new program is being contemplated, so that a request for its approval will be more likely to be acceptable to ED.

### **To learn more**

For more information on revised regulations, as well as the other topics included in the Program Integrity final rules, please refer to the November 4, 2010, [Shoptalk special edition](#). For questions about the final regulations, please contact TG Customer Assistance at (800) 845-6267, or send an e-mail message to [cust.assist@tgslc.org](mailto:cust.assist@tgslc.org).

## **TG Report**

### **TG schedules early 2011 webinars for TG Financial Literacy Program**

In late September, TG launched a redesigned financial literacy program. Comprised of a set of 10 15-minute modules, the program covers a range of topics, such as managing credit and solving debt problems, and uses a variety of teaching strategies, including interactive learning games and short quizzes. TG instructors present modules directly to students or train school staff — by webinar or in person — to lead a session.

TG has scheduled webinar trainings for "Train-the-Trainer" sessions for January through March, 2011. Each session provides complete training on two different modules of the TG Financial Literacy Program. After training, TG will provide attendees the materials necessary to present modules to students, including a trainer guide, a presentation with speaker script, a workbook, a student evaluation form, and a related game or activity. TG accepts orders for materials only from individuals who have completed a Train-the-Trainer session.

Here's a schedule of Train-the-Trainer webinars for January – March, 2011. To [review a synopsis of each module](#), visit *TG Online*.

- *Thursday, January 13, 10:00 a.m. – 11:30 a.m. Central Time*  
Managing Credit: Priorities and Pitfalls  
Credit Basics: How Money Works
- *Thursday, February 10, 10:00 a.m. – 11:30 a.m. Central Time*  
Spending Plans: Meeting Goals the Simple Way  
Monitoring Spending: Keeping It Real
- *Tuesday, February 15, 2:00 p.m. – 3:30 p.m. Central Time*  
Needs and Wants: Prioritizing What Counts  
Setting Goals: Getting There

- *Thursday, March 10, 10:00 a.m. – 11:30 a.m. Central Time*  
Solving Debt Problems: Strategies and Solutions  
Saving and Investing: Risks and Returns
- *Thursday, March 24, 10:00 a.m. – 11:30 a.m. Central Time*  
Employee Compensation: Beyond Salary  
Employee Benefits: More Than a Paycheck

## Register

For more details and to register for [TG's Financial Literacy Program webinars](#), visit [TG Online](#). You can also browse a complete list of the [TG Financial Literacy Program modules](#).

## Join TG for a December webinar on entrance and exit counseling

Entrance and exit counseling are two of the most important tools in default aversion. Since schools are responsible for ensuring that every borrower completes the required entrance and exit counseling sessions, it is vital that financial aid administrators be properly trained in meeting all statutory and regulatory counseling requirements.

To help, TG will offer an entrance and exit counseling webinar on December 16. The webinar is designed to help participants learn the basic requirements of loan counseling, explore specific strategies for counseling effectively, and identify resources to enhance their understanding of loan counseling requirements.

### About TG's webinars

TG provides free webinars on industry topics throughout the year. With each webinar, TG offers presentation materials as well as a short Q&A period, which follows the event. Within a day or two of broadcast, webinars are posted in an [online archive](#).

## Register

To accommodate the schedule of TG's coast-to-coast customers, the one-hour webinar is scheduled for Thursday, December 16, at 10 a.m. and again at 3 p.m. Central Time. [Registration is available online](#).

## Evaluating your default prevention effort? Take TG's school self-assessment

According to the Economic Policy Institute, unemployment for individuals with a college degree hit 5.1 percent in November, the highest in more than 40 years. College borrowing is rising at the same time. These factors, among others, are

causing schools to evaluate their default prevention programs. If you're enhancing your campus default prevention program, you'll find support in TG's default aversion self-assessment tool.

### **What is the default aversion self-assessment tool?**

The self-assessment poses a series of questions on various aspects of default prevention to help schools examine processes and goals; compare recent cohort default rates with similar types of institutions; and learn more about strategies for improving default aversion.

### **How can the self-assessment serve schools?**

The self-assessment offers a number of advantages to schools. The self-help tool is available online 24/7. Sections of the assessment have been expanded to help schools evaluate aspects of their default prevention efforts, including enrollment management, cohort default rates, campus environment, and borrower interactions.

At the end of the evaluation, schools have the opportunity to schedule an in-person consultation with one of TG's default aversion consultants. TG's consultants can use results of the self-assessment as a blueprint for recommending various strategies and tools to help strengthen a school's default prevention initiatives.

### **Get started**

Access [TG's default aversion self-assessment tool](#) through *TG Online*. You can learn more about TG's extensive set of default aversion products and services by contacting a TG account executive at (800) 252-9743, or sending an e-mail message to [relationship.management@tgsllc.org](mailto:relationship.management@tgsllc.org).

## **New TG financial literacy workshop for students offers strategies for solving debt problems**

College borrowing is on the rise and, with it, the debt burdens many students carry as they graduate. Most students will get jobs relatively quickly after school and have no problem paying off their debt. Others may experience extended periods of joblessness, especially in today's difficult economy, which can lead to financial troubles, such as high credit card bills and loan delinquency or even default.

Perhaps one of the best ways to help these students is early intervention, that is, in-school workshops on money management topics that offer strategies for solving debt problems. TG provides such a workshop through its recently redesigned financial literacy program. The "Solving debt problems: Strategies and solutions" presentation of the TG Financial Literacy Program focuses on how borrowers can get out of financial trouble. In particular, the module describes how to use cash

flow analysis and a balance sheet, the symptoms and causes of debt problems, and how to be a smart consumer of professional credit and financial counseling services.

By the end of this presentation, students should understand:

- How debt problems fit into the big picture of an individual's finances;
- What strategies to follow depending on the debt issue; and
- How to repair any damage done to credit or finances.

TG can present this training to students directly or train school staff to present the session.

### **About the TG Financial Literacy Program**

TG has released an expanded and enhanced financial literacy program, comprised of ten 15-minute presentations with accompanying activities, workbook, and speaker's script. These modules cover a range of topics, such as building a spending plan, setting financial goals, and understanding employee benefits.

Illustrations, content, and format for each module are tailored to appeal to students from high school through college. The entire TG Financial Literacy Program places a special emphasis on teaching by interaction and example, the better to gain and keep attention on such important topics as budgeting and saving. The modules and accompanying activities can be mixed and matched; each activity or game takes an additional 15-20 minutes to play. Session participants will receive workbooks which contain glossaries, FAQs, suggested resources for further study, and guided note-taking for capturing key concepts.

### **To learn more**

Browse a list of [TG Financial Literacy Program modules](#) to learn more about TG's program or to request a "Train-the-Trainer" session for your staff who can then train students on a given topic.

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## **News Briefs**

Not surprisingly, given the rough economy, student loan borrowing has gone up, both in terms of the percentage of students borrowing and the amount borrowed. According to a Pew Research Center analysis of data provided by the National Center for Education Statistics (NCES), 60 percent of all graduates in 2008 had borrowed to pay for college as compared to 52 percent of graduates in 1996. Graduates are leaving with more debt also — about \$23,000 in student loans as compared with \$17,000 in 1996. One factor driving this increase is the growth in enrollment for private, for-profit schools. Over this past decade, enrollment has

risen dramatically at such schools. Students attending them are more likely to borrow and borrow large amounts. Learn more about the [rise in borrowing for college](#).



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