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Smart Solutions

Summer jobs are important to many continuing students. Help them line up their next opportunity with some concise advice on job-hunting and interviewing. TG's *AIEmail* offers an assortment of tips and checklists.

Industry Update

ED issues important guidance regarding changes to Federal Pell Grant Program

On April 27, 2011, ED published *Dear Colleague Letter (DCL) P-11-02*, which provides guidance about recent legislative changes that affect the Federal Pell Grant Program. These changes are a result of the Department of Defense and Full-Year Continuing Appropriations Act of 2011 (Public Law 112-10), which was signed by the president on April 15, 2011.

This new law does not change either the maximum award or the maximum expected family contribution (EFC) that are outlined in the 2011-12 Pell payment and disbursement schedules. However, it does contain a provision that repeals Section 401 (b)(5) of the Higher Education Act (HEA), which allows an eligible student to receive up to two Pell grant scheduled awards in one award year. This change is effective with award year (AY) 2011-12.

To help schools implement this significant change and lessen the impact on students, the DCL explains that a student may still receive a second Pell grant scheduled award for a crossover payment period that is assigned to AY 2010-11. Additionally, the new law waives the regulatory requirement that a school assign a crossover payment period to the award year in which the student will receive a greater Pell grant payment for the payment period. Schools are encouraged to review the examples ED provides in the DCL to understand the implications associated with the assignment of the summer crossover period to AY 2010-11 versus AY 2011-12.

Finally, ED reminds schools that AY 2010-11 is the last award year for the Academic Competitiveness Grant (ACG) and National SMART Grant programs. Therefore, any awards for a 2011 crossover payment period must be assigned to AY 2010-11.

Learn more

The letter is available on ED's [Information for Financial Aid Professionals website](#). For questions, schools may contact ED's Research and Customer Care Center at (800) 433-7327, or send an email to fsa.customer.support@ed.gov.

New guidance on state authorization rule issued

On April 20, 2011, ED issued guidance in *Dear Colleague Letter (DCL) GEN-11-11* to clarify the Program Integrity final rule topic of state authorization as it relates to distance education. Schools offering distance education through online learning or correspondence study are encouraged to review the DCL closely.

In DCL GEN-11-11, ED reminds schools that state authorization is a Title IV-program eligibility requirement for students enrolled in any educational program, including a program offered via distance education. ED also refers to recent guidance published in [DCL GEN-11-05](#) on the topic of state authorization, which includes a subsection on distance education and defines good-faith efforts by schools to comply with the new rules if approvals cannot be obtained by July 1, 2011, the effective date of the state authorization regulations (see questions 15 – 23). ED reiterates that for purposes of complying with the institution-level requirements of the new rules described in §600.9(a) and (b), schools unable to obtain appropriate state authorization by July 1, 2011, may request up to two one-year extensions to demonstrate compliance no later than July 1, 2013 (see discussion on pp. 66833 and 66863 of the preamble to the final rules).

ED's latest guidance in DCL GEN-11-11 acknowledges that schools may be facing particular challenges in obtaining state approval for distance education offerings as required in §600.9(c) for a number of reasons, including the following:

- Some states are in the process of establishing new requirements or creating additional application procedures.
- Some states are considering steps to modify or update authorization requirements to coordinate such authorizations with other states and streamline authorization processes.
- Some higher education associations and schools are preparing information on states' requirements in an effort to assist schools with compliance efforts.

Taking into consideration these challenges, ED stated in DCL GEN-11-11 that it will not initiate any action to establish school repayment liabilities or limit student eligibility for distance education activities undertaken before July 1, 2014, so long as the school is making good-faith efforts to identify and obtain necessary state approval before that date. Evidence of good-faith efforts by a school could include any one or more of the following items:

- Documentation that a school is developing a distance education management process for tracking students' place of residence when engaged in distance education
- Documentation that a school has contacted a state directly to discuss programs the school is providing to students in that state to determine if authorization is needed
- An application submitted to a state, even if it is not yet approved
- Documentation from a state that a submitted application is pending approval

Consistent with previous guidance, DCL GEN-11-11 indicates that, if a state has no applicable regulation or law, then no action on the part of a school is required for that state. Additionally, if a state is in the process of establishing new requirements or creating application procedures, good-faith efforts would require a school to seek authorization only after the new requirements or procedures are established.

ED will carefully review instances where it does not appear that a school is making good-faith efforts to comply with the new rules, such as where documents show that a school knew of a state requirement and willfully refused to comply with it.

Finally, ED indicates its willingness to work with states and other appropriate parties to support their efforts to develop a comprehensive directory of requirements that assists schools in complying with individual state requirements. ED is also supportive of state efforts to coordinate activities and develop common applications or state rules wherever possible to facilitate school compliance.

To learn more

For more information on the Program Integrity final rules and to obtain this and other DCLs, visit [TG's Program Integrity Final Rules Web page](#). For questions, please contact TG's Customer Assistance team at (800) 845-6267, or send an email message to cust.assist@tgslc.org.

Gainful employment focus: Determining if an educational program is subject to GE rules

In *Shoptalk* edition 601, TG provided a brief announcement about the release of *Dear Colleague Letter* (DCL) [GEN-11-10](#), which provides guidance on the gainful employment (GE) rules that are effective July 1, 2011. The Higher Education Act (HEA) and current federal regulations specify that a Title IV-eligible program must either lead to a degree or prepare students for gainful employment in a recognized occupation. This article will focus on the three types of schools eligible to participate in the Title IV programs, and outline which of their programs are subject to the GE rules. Remaining issues included in the DCL will be covered in a follow-up *Shoptalk* article.

Institution of higher education

An "institution of higher education," as defined in federal regulations at [§600.4](#), is a public or private, nonprofit educational institution that provides associate, baccalaureate, graduate, or professional degree programs. In addition, such a school may:

"Provide an educational program ... that is at least a one academic year training program that leads to a certificate, or other nondegree recognized

credential, and prepares students for gainful employment in a recognized occupation.”

While the regulations make clear that all Title IV-eligible certificate and nondegree programs offered by these schools are intended to prepare students for gainful employment in a recognized occupation, the DCL describes the specific types of certificate programs that are affected, which include:

- Undergraduate, post-baccalaureate, graduate, and post-graduate certificate programs. Teacher certification programs subject to the GE rules include those in which a school provides the credential itself and those consisting of necessary coursework for a student to receive a teaching credential or certification from the state.
- Approved comprehensive transition programs offered to students with intellectual disabilities.

ED also clarifies that:

- Awarding a certificate as part of a degree program does not create a GE program based on the awarding of the certificate.
- A program at least two academic years in length, in which all courses are acceptable for full credit toward a bachelor’s degree, is not subject to the GE rules.
- Preparatory coursework for enrollment in an eligible program is not considered to be a GE program.

Lastly, while this type of school primarily offers degree programs, it is likely that such a school will have one or more programs affected by the GE rules. Thus, this type of school needs to take inventory of its Title IV-eligible nondegree and certificate programs to ensure that it is prepared to comply with the GE data-reporting and disclosure requirements applicable to these programs.

Proprietary institution of higher education

A “proprietary institution of higher education,” as defined in federal regulations at [§600.5](#), is a for-profit educational institution that:

“Provides an eligible program of training, as defined in §668.8, to prepare students for gainful employment in a recognized occupation.”

In accordance with the statutory definition of this type of school, the DCL provides that virtually all programs offered by proprietary institutions are subject to the GE rules, including:

- Undergraduate and graduate degree programs

- All certificate programs, including undergraduate, post-baccalaureate, graduate, and post-graduate programs. Teacher certification programs subject to the GE rules include those in which a school provides the credential itself and those consisting of necessary coursework for a student to receive a teaching credential or certification from the state.
- Approved comprehensive transition programs offered to students with intellectual disabilities.

Based on a statutory provision, there are certain circumstances described in the DCL in which a program leading to a baccalaureate degree in liberal arts is exempt from the GE rules.

Additionally, preparatory coursework for enrollment in an eligible program is not considered to be a GE program.

Postsecondary vocational institution

A “postsecondary vocational institution,” as defined in federal regulations at [§600.6](#), is a public or private nonprofit educational institution that:

“Provides an eligible program of training, as defined in §668.8, to prepare students for gainful employment in a recognized occupation.”

Similar to the definition of “proprietary institution of higher education,” the following programs offered by postsecondary vocational institutions are subject to the GE rules:

- Undergraduate and graduate degree programs
- All certificate programs, including undergraduate, post-baccalaureate, graduate, and post-graduate programs. Teacher certification programs subject to the GE rules include those in which a school provides the credential itself and those consisting of necessary coursework for a student to receive a teaching credential or certification from the state.
- Approved comprehensive transition programs offered to students with intellectual disabilities

Preparatory coursework for enrollment in an eligible program is not considered to be a GE program.

Learn more

For more information on the Program Integrity final rules, and to obtain these and other DCLs, visit [TG's Program Integrity Final Rules Web page](#). For questions, please contact TG's Customer Assistance team at (800) 845-6267, or send an email message to cust.assist@tgslc.org.

TG Report

TG conference presenters provide updates on federal and state issues

At last week's TG Annual Training Conference, attendees heard the latest news from representatives at federal and state levels concerning appropriations, policy, and other major issues of the day. Jeff Baker of ED's policy liaison and implementation staff, and Dan Weaver, assistant commissioner, business and support services division, for the Texas Higher Education Coordinating Board (THECB), delivered the federal and state updates, respectively, during the general session on Thursday, April 28.

Federal level updates

Baker announced that the continuing resolution that is funding the Federal Student Aid programs maintains the Pell grant maximum at \$5,550 for award year (AY) 2011-12; however, it also repeals the provision that allows a student to receive two Pell grants in an award year (also known as "year-round Pell"). This provision, first implemented in AY 2009-10, proved to be "too successful" and costly — that is, more students than anticipated took advantage of the program — to continue that provision while keeping the Pell grant maximum at its current level. (For more information regarding changes to the Pell grant, see the first article in this edition of *Shoptalk*.)

Baker reminded attendees of the expiration of the Academic Competitiveness Grant (ACG) and National Science and Mathematics Access to Retain Talent (SMART) grant programs, as well the Leveraging Educational Assistance Partnerships (LEAP) state incentive program, at the end of AY 2011-12.

He also noted that the official national cohort default rate (CDR) for fiscal year (FY) 2009 is 7.0 percent, and briefly touched on the thresholds, effective dates, and concerns about the ongoing transition from the 2- to 3-year CDR measure.

Baker provided a summary of the program integrity final rules, most of which go into effect on July 1, 2011; he considered most of the new provisions and rationale behind the changes. Baker also announced that the highly anticipated gainful employment final rules — for which proposed rules were released July 26, 2010 — may be issued within two to four weeks. These rules would be effective at the start of AY 2012-13.

State level updates

Dan Weaver of the THECB provided information regarding the status of state-based financial aid programs, as affected by state budgetary concerns. He described the current state appropriations battle as a "bloody, painful process," but stated that

the THECB is outside that process as an advocate for students and the state aid programs. He said that once the dust settles, the Texas B-On-Time loan program would bear the brunt of the cuts, and there would be deep reductions in Top 10-Percent Scholarship and TEXAS Grant funding, despite a substantial increase for AY 2010-11 that brought many new students into the pipeline (and, thus, created a bunch of potential renewals). Several other small programs would be eliminated outright. Weaver noted that College Access Loan funding lies outside of the appropriations process, and thus, will not be affected.

With regard to policy, Weaver said that the THECB is placing a huge emphasis on student success; the state recognizes that it must promote college completion as well as increase enrollment rates.

He also talked about a proposed TEXAS Grant priority funding model that would take effect with AY 2013-14 (currently under consideration in the form of S.B. 28/H.B. 10), and provided an update on several other higher education-related bills currently moving through the Texas legislature. He told attendees to “hang on to your hat” as the current regular session, which will end on May 31, has many pieces of legislation yet to consider and resolve.

Best-selling financial literacy author Ramit Sethi provides keynote speech at TG conference

Ramit Sethi, author of the *New York Times* bestseller *I Will Teach You To Be Rich*, opened the 2011 TG Annual Training Conference, held April 26-29 in Austin. In his address, Sethi considered how psychology and persuasion can affect a consumer’s personal financial behavior.

TG’s director of financial literacy operations Sharon Cabeen introduced Sethi, noting that Sethi’s work serves as a model for financial literacy professionals striving to connect with younger audiences through candor, clarity, and conciseness.

Sethi’s high-energy presentation hit on several major themes, including the paradoxical view that theoretical understanding doesn’t always translate to practical behaviors.

“When people really understand about 401s, for example, won’t they do better financial planning? No!” he insisted. “Employees are leaving so much money on the table by not contributing, but the solution isn’t to boost their understanding. The solution is to simplify the benefits enrollment defaults. When people can take practical steps, they’re more likely to do so. If they feel like an issue is complicated, they just say, ‘Oh, I’ll have to look into that later,’ which turns out to mean never.”

Sethi favors concrete advice on managing money and focuses on immediate actions that students can take, for example, automating finances. “Quick wins are powerful,” he said.

Sethi also described the importance of framing messages in terms that will appeal to students. "I'd rather say, 'Learn how to afford awesome vacations with your friends,' or 'Learn how to save thousands of dollars on interests rates,' than something more abstract like 'develop a better understanding of financial literacy', which isn't going to get student attention," said Sethi.

TG's approach to financial literacy training has been influenced by Sethi's teaching philosophy, stressing concrete examples and highly interactive and concise teaching modules that appeal to contemporary learners.

To learn more

Visit *TG Online* if you'd like to [view presentation materials for this year's TG Annual Training Conference](#). Slides for many presentations are available. If you have questions about this year's agenda or future events, contact TG event planning coordinator Judith Cunningham at (800) 252-9743, ext. 2905, or send an email message to judith.cunningham@tgsdc.org.

TG debuts online learning environment for students, the TG Learning Center

A session at last week's TG Annual Training Conference offered a preview of a new way to access TG's financial literacy materials — the Web-based TG Learning Center.

The TG Learning Center provides a convenient venue for completing specific modules of the TG Financial Literacy Program, as well as accessing other related material. Students and school administrators will be able to use the center via the myTGSM portal, which serves as a gateway to TG services and offers a more customized user experience.

The TG Learning Center provides particular benefits to schools, including a broader student reach and potentially lower training costs for financial literacy. The modules also lend themselves to a blended online/in-person teaching approach.

TG financial literacy coordinator Sarah Faszholz and learning center product manager Teresa Bobadilla walked attendees through the user-friendly site, which tracks student use, offers reports to schools, and features an expanded version of particular modules. TG's financial literacy modules are highly interactive and feature games and activities that reinforce important learning concepts.

After the presentation, participants played a shortened version of the "Credit Score Climbing" game, which comes with the "Managing Credit" module but can be matched with other presentations.

Financial literacy modules currently available through the TG Learning Center include:

- Managing Credit: Priorities and Pitfalls
- Solving Debt Problems: Strategies and Solutions
- Credit Basics: How Money Works
- Employee Compensation: Beyond Salary

Learn more about the TG Financial Literacy Program

The TG Financial Literacy Program consists of ten 15-minute presentations with accompanying activities, workbooks, and speaker's scripts. Modules cover a range of topics, such as managing credit and saving and investing. Illustrations, content, and format for each module are tailored to appeal to students from high school through college. The entire program places an emphasis on teaching by interaction, the better to gain and keep attention on such important topics as budgeting and saving.

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.

Study finds that many borrowers have loans in delinquency at some point

According to a recently released study conducted by the Institute of Higher Education Policy (IHEP), loan delinquency affects more borrowers than default and, as such, may constitute a greater threat to the financial well-being of borrowers. The study, "Delinquency: The Untold Story of Student Loan Borrowing," was the focus of a well-attended TG conference session led by Alisa Cunningham, IHEP's vice president of research and programs.

According to Cunningham, more than 60 percent of borrowers under age 21 had loans in delinquency at some point during their repayment. Though default comes with more severe penalties, delinquency can still harm a borrower's credit rating and affect his or her borrowing opportunities in the future. Cunningham stressed the need to prevent delinquency as a first line of defense against default.

Cunningham provided an overview of the IHEP study, which used data provided by five of the largest student loan guarantors, including TG. The study's examined the repayment patterns of more than 8.7 million borrowers with nearly 27.5 million loans who entered repayment between October 1, 2004 and September 30, 2009. The study focused primarily on the nearly 1.8 million borrowers who entered

repayment in 2005. The report offers a snapshot of borrower experiences, and spotlights some important findings, including:

- A quarter of all borrowers had loans in delinquency.
- More than 30 percent of students who left school after one year defaulted.
- Many borrowers who took multiple deferments and forbearances would have been good candidates for Income-Based Repayment but weren't counseled accordingly.
- Some 50 percent of students that left without getting a credential had loans in delinquency.

To learn more

Visit *TG Online* if you'd like to [view presentation materials for this year's TG Annual Training Conference](#). Slides for many presentations are available. If you have questions about this year's agenda or future events, contact TG event planning coordinator Judith Cunningham at (800) 252-9743, ext. 2905, or send an email message to judith.cunningham@tgsdc.org.

TG conference session offers insight on financial decision-making

During a TG conference session on "Behavioral Finance in Financial Counseling: Blunders and Whys," Dr. Kim Davis of Texas State University and Dr. Ryan Hailey of George Fox University gave an engaging presentation on the interplay between economic theory and psychological reality. The session offered numerous examples of incorrect assumptions — or blunders — that can derail thinking and lead consumers to make choices that aren't in their long-term interests.

One such blunder is called the "endowment effect," sometimes known as the status quo bias, in which people tend to overvalue things they already have, rather than assess them realistically.

Similarly, when faced with difficult decisions, people will sometimes engage in "anchoring," that is, over-relying on one piece of information that has been internalized. For example, consumers may estimate the worth of a wedding ring based on what they believe it should cost, rather than find out its actual worth.

Davis noted that irrational behaviors are seldom solved by rational solutions. Instead, understanding the tricks our minds tend to play on us gives us a chance to outsmart our own faulty thinking.

To learn more

Visit *TG Online* if you'd like to [view presentation materials for this year's TG Annual Training Conference](#). Slides for many but not all presentations are available. If you have questions about this year's agenda or future events, contact TG event planning coordinator Judith Cunningham at (800) 252-9743, ext. 2905, or send an email message to judith.cunningham@tgsic.org.

News Briefs

"How green is my college?" That's a question more students are asking themselves, according to a recent survey conducted by college rankings publication *The Princeton Review*. The answer to that question is guiding more students to or away from a school — about 69 percent of students say they consider an institution's sustainability practices to be key to their decision to enroll. With its recently released [Guide to 311 Green Colleges](#), *The Princeton Review* offers some help in choosing a green school. The *Guide* provides a profile of each school in terms of enrollment; highlights a school's green efforts, including coursework, conservation programs, and renewable energy focus; and features a section discussing sustainability research.



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