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### Smart Solutions

Going to college can be a difficult transition for parents as well as students. *Adventures In Education* provides parents with tips on adjusting to the change. Offer your parents and students these [ways of mitigating the "empty nest" experience](#).

## Industry Update

### ED announces Budget Control Act changes to FDLP

On August 31, 2011, ED published *Dear Colleague Letter* (DCL) [GEN-11-16](#) that describes recent changes to the FDLP as a result of the passage of the [Budget Control Act of 2011](#), which was signed into law on August 2, 2011. In the DCL, ED provides clarification about affected Direct loan provisions and includes guidance to help schools understand the changes.

In the letter, ED informs schools that:

- For loans with loan periods beginning on or after July 1, 2012, graduate and professional students are no longer eligible to receive Stafford subsidized loans. These students will continue to be eligible for Stafford unsubsidized loans. Additionally, the terms and conditions associated with prior subsidized loans borrowed by such students will remain unchanged.
- Students receiving loans for coursework required for teacher certification or recertification, or for preparatory coursework necessary to enter an eligible undergraduate or graduate program, remain eligible for Stafford subsidized loans. Graduate and professionals enrolled in such coursework are considered undergraduate students for annual loan limit purposes.
- The up-front interest rebate has been eliminated for Direct loans first disbursed on or after July 1, 2012. The law specifically eliminates ED's authority to offer repayment incentives to Direct loan borrowers to encourage on-time repayment, including reductions to interest rates or origination fees. However, the law continues to allow ED to offer interest rate reductions to borrowers who agree to have payments automatically debited from a bank account.

To help schools with these changes, the DCL includes an updated annual loan limit chart for graduate and professional students and certain health profession students. While the annual and aggregate loan limits for these students remain unchanged, the chart reflects that these students are able to receive only Direct unsubsidized loans for loan periods beginning on or after July 1, 2012.

ED also states in the letter that the Office of Federal Student Aid (FSA) will make available operational and system guidance via electronic announcements and in the *Common Origination and Disbursement (COD) System Technical Reference*.

#### For more information

For questions about the letter or changes, schools may contact ED's Pam Moran by phone at (202) 502-7732, or send an email message to [pamela.moran@ed.gov](mailto:pamela.moran@ed.gov).

## Official FY 2009 CDRs to be issued September 12

On August 30, 2011, ED published an [electronic announcement](#) indicating that the official 2-year FY 2009 cohort default rates (CDRs) will be released to schools and the general public on September 12, 2011.

### Consequences of high cohort default rates

ED may impose certain sanctions on a school with excessively or persistently high official CDRs.

A school with an official FY 2009 CDR that is greater than 40 percent will lose its eligibility to participate in the Federal Direct Loan Program (FDLP), unless the school successfully appeals the loss of eligibility.

A school with official CDRs of 25 percent or greater for the three most recent fiscal years (FY 2007, FY 2008, and FY 2009) is subject to loss of eligibility to participate in the FDLP and Federal Pell Grant Program, unless the school successfully appeals. A school with high CDRs that was not participating in the FFELP or FDLP on October 7, 1998, and has not participated in either of those programs since that time, is exempt from the loss of Federal Pell Grant Program eligibility.

Additionally, a school with a single official CDR of 25 percent or greater will be subject to provisional certification by ED.

Upon the release of the FY 2009 CDRs, a school may have an option to file an uncorrected data adjustment, new data adjustment, and/or an erroneous data appeal under certain circumstances. Information regarding adjustments and appeals can be found in [Chapter 4](#) of the *Cohort Default Rate (Guide)*.

### Benefits of low cohort default rates

A school may be exempt from specific disbursement requirements as a reward for three consecutive low official CDRs.

Currently, a school with official CDRs of less than ten percent for the three most recent fiscal years may deliver Stafford or PLUS loans in a single disbursement if the enrollment period is no longer than one semester, trimester, or quarter, or, for a school without standard terms, four months. Also, the school is not required to delay for 30 days the first disbursements of Stafford loans made to first-year, first-time, undergraduate borrowers.

Effective for loans first disbursed on or after October 1, 2011, this threshold increases from 10 to 15 percent. This means that if a school's three most recent official CDRs are less than 15 percent, the school is exempt from the multiple-disbursement requirement and the required 30-day delay for first-year, first-time undergraduate Stafford loan borrowers.

A school that is an eligible home institution certifying a Stafford loan to cover a student's cost of attendance in a study-abroad program is also exempt from the multiple-disbursement requirement and the 30-day delay for first-year, first-time undergraduate Stafford loan borrowers, if the school's most recent official CDR is less than five percent.

### **Need help?**

Schools are strongly encouraged to review ED's latest version of the [Guide](#). Note that [updates to this publication](#) will be reflected online only. Therefore, periodic review ED's site is recommended for maintaining an up-to-date version of the Guide.

In addition to the Guide, there are two other ED publications schools may find helpful:

- The [Cohort Default Rate Guide Quick Reference](#)
- [The eCDR Appeals User Guides](#)

TG's [Default Prevention resources Web page](#) also provides a number of CDR and default prevention resources, including other ED publications, online student loan debt management resources for borrowers, personal finance organizations, research reports, fact sheets, and more.

### **Questions?**

For questions about FY 2009 official CDRs and adjustment and appeal procedures, contact Felicia Anthony in TG's Compliance Administrative Operations department at (800) 252-9743, ext. 4572, or send an email message to [felicia.anthony@tgslc.org](mailto:felicia.anthony@tgslc.org).

## **ED issues guidance on preparatory coursework and gainful employment**

ED previously published DCL [GEN-11-10](#) and [e-announcement # 11](#) to help schools identify what programs are considered to be gainful employment (GE) programs. The guidance stated that a preparatory course of study was not a GE program. However, the guidance also stated that all educational programs that lead to the awarding of a certificate by the school were considered GE programs. The guidance caused some confusion because certain types of preparatory coursework can lead to a certificate.

### **GE clarification**

On August 31, 2011, ED published [e-announcement #19](#) to clarify that preparatory coursework is never considered a GE program, even if the student receives a

certificate for completing the courses. Why? Because a preparatory course of study does not prepare a student for employment in a recognized occupation.

### **Direct loan funding for preparatory coursework**

E-announcement #19 also provides some background information regarding preparatory coursework and Direct loan funding. The Higher Education Act allows an otherwise eligible student to receive Direct loan funds for one period of 12 consecutive months while the student is enrolled in a course of study necessary for the student to enroll in an eligible program leading to a degree or certificate offered by either the same or another school. The course of study must be made up of courses that are prerequisites required for the admission to a degree or certificate program and not coursework that is part of the degree or certificate program in which the student seeks to enroll. The following information provides guidelines for DL funding for preparatory coursework:

- Preparatory coursework is always considered to be at the undergraduate level, even if the coursework is at the graduate level. Therefore, the Stafford annual loan limits for a student enrolled preparatory coursework are the same as the limits for an undergraduate student. The student is never eligible to borrow for a Grad PLUS loan; however, if the student is a dependent, the student's parent may borrow a parent PLUS loan.
- For preparatory coursework necessary for enrollment in an undergraduate degree or certificate program, the annual loan limit is the same as for a student who has not completed the first year of an undergraduate program, regardless of how many years of undergraduate study the student has completed (base Stafford of \$2,625 + additional \$2,000 unsubsidized Stafford for a dependent student). Independent students and dependent undergraduates whose parents cannot obtain a PLUS loan are eligible to borrow up to an additional \$6,000 in unsubsidized Stafford funds.
- For preparatory coursework necessary for enrollment in a graduate or professional program, the annual loan limit is the same as for an undergraduate student who has completed the first two years of undergraduate study (base Stafford of \$5,000 + additional \$2,000 unsubsidized Stafford for a dependent student). Independent students and dependent undergraduates whose parents cannot obtain a PLUS loan are eligible to borrow up to an additional \$7,000 in unsubsidized Stafford funds.
- A student is eligible to receive Direct loan funds for one period of 12 consecutive months. Since a student may complete an academic year in less than 12 calendar months, a student may receive more than one annual loan limit during the consecutive 12-month period.

## More information

Refer to [electronic announcement #19](#) for details of ED's guidance and to view an example that illustrates that guidance. For questions, please contact TG Customer Assistance team at (800) 845-6267, or send an email message to [cust.assist@tgslc.org](mailto:cust.assist@tgslc.org).

## New Q&A website available on Program Integrity rules

ED has received many questions from schools regarding the Program Integrity final rules that became effective July 1, 2011, and those that become effective July 1, 2012. To ensure that schools can easily access questions and answers, and other helpful information about the various Program Integrity topics, ED has developed a new [Program Integrity Information — Question and Answer website](#).

The following topics with links taking you to the questions and answers are provided on the home page:

- [State Authorization](#)
- [Retaking Coursework](#)
- [Credit Hour](#)
- [Ability-to-Benefit](#)
- [Incentive Compensation](#)
- [Misrepresentation](#)
- [Return of Title IV Funds](#)
- [Satisfactory Academic Progress](#)
- [Gainful Employment](#)

ED will update this site with new questions and answers on a regular basis, therefore schools should check periodically for any new information.

## More information

Read the [electronic announcement](#) published on September 2, 2011, and browse the new site to see how ED consolidated the Program Integrity information. For questions about the Program Integrity rules, please contact TG Customer Assistance at (800) 845-6267, or send an email message to [cust.assist@tgslc.org](mailto:cust.assist@tgslc.org).

## ED to hold public meeting on improving financial aid offer forms

The Department of Education will hold a public meeting to gather opinion on how to improve financial aid offer letters. The Office of Postsecondary Education is working with students, families, the financial aid community, and others to develop recommendations and model formats for financial aid offer forms. The intent is to help students understand the actual price of a postsecondary education program so that they can better compare programs.

The public meeting to solicit input on this topic will be held Tuesday, September 13, 9 a.m.-4 p.m. Eastern Time, at 1990 K St. N.W., Eighth Floor Conference Center, Washington, D.C.

On September 13 from 9 a.m. to 12 p.m. Eastern Time, the Department will present an overview of the activity, and then panelists will discuss their views on student financial aid award letters. Panelists include Justin Draeger (National Association of Student Financial Aid Administrators), David Hawkins (National Association for College Admission Counseling), Mark Kantrowitz (FinAid and FastWeb), Nina Marks (Collegiate Directions, Inc.), and Matthew Reed (The Institute for College Access and Success).

### To attend

To join the meeting, respond to [ModelAidOffer@ed.gov](mailto:ModelAidOffer@ed.gov) by 5 p.m. Eastern Time on Wednesday, September 7. Late registrations and walk-in registrations will be accepted to the extent space permits.

### To learn more

For additional information about the public meeting, contact ED's Marty Guthrie at [Marty.Guthrie@ed.gov](mailto:Marty.Guthrie@ed.gov) or by calling (202) 219-7031.

## TG Report

### Coming next week: Instant news and information from *Shoptalk* as a blog

Readers will notice some changes in the September 13 edition of *Shoptalk*. TG will transition the newsletter to a blog in order to provide information to readers in a more timely, efficient way. The blog format will allow readers to browse through content by selected category, post comments, and read articles published as news develops.

TG will continue to email *Shoptalk* each Tuesday. This notification will compile all blog postings made in the last seven days (i.e., since the previous Tuesday).

Beginning September 14, TG will post articles in the *Shoptalk* blog several times a week. Readers can refer to the blog throughout the week in order to keep abreast of industry news and TG updates.

Here are just a few ways that the *Shoptalk* blog format can benefit you.

- **Commenting** — Customers will be able to provide feedback on specific postings. This feature will give *Shoptalk* readers greater opportunity to ask questions of TG and the broader *Shoptalk* readership, since other readers will be able to view and respond to comments. Note that TG reserves the right to review all comments before making them public, and that comments will be subject to TG's comment policy.
- **Browsing by category** — Articles published in the blog will be grouped by category, so that customers will be able to browse articles that interest them most. For example, customers wanting to read about financial literacy will simply click on the "Financial Literacy" category link. Articles will be cataloged according to these topical areas: Student Success, Financial Literacy, Default Prevention, Financial Aid, and Industry Training and Events.

### **How can you learn more about the new *Shoptalk* blog?**

Next week's *Shoptalk* will provide additional details on how the blog will function, an option for receiving blog articles as they're posted, and rules for commenting. Stay tuned!

### **Tell us what you think**

If you have questions about *Shoptalk* in its new format, please don't hesitate to contact TG Communication at [webmaster@tgsdc.org](mailto:webmaster@tgsdc.org). We want to know what you think of the format in terms of look, functionality, and content.

## **TG's September industry webinar offers perspective on latest regulatory changes**

Learn more about the most recent legislative and regulatory developments affecting financial aid administration by tuning in to TG's September "Federal Update" webinar. TG's webinar will focus on industry activities that may affect program administration. Trainers will also review ED guidance on several Program Integrity topics, federal common forms, final regulations effective July 1, 2012, and regulatory changes on the horizon.

### **To register**

To accommodate the schedules of TG's coast-to-coast customers, the 60-minute webinar is scheduled for Thursday, September 15, at 10 a.m. Central Time, with a repeat of the webinar on the same day at 3 p.m. Central Time. [Registration is](#)

[available online](#). If you are unable to attend the scheduled broadcast, a recording will be available for viewing shortly after the event through [TG's archived webinars](#).

## Have questions about legislation affecting community college drug and alcohol policies? Attend this TG webinar

An upcoming TG webinar considers how the Drug Free School Community Act (DFSCA) and the Jeanne Clery Act affect community colleges. The webinar will help participants learn more about:

- Federal mandates regarding drug and alcohol policies
- Purposes for having campus drug and alcohol abuse prevention policies
- Ideas for developing effective policies

A number of industry experts will present and then lead discussion during the webinar, including:

- Martha Ellis, Ph.D., associate vice chancellor, Community College Partnerships, University of Texas System
- Mary Hill, coordinator for Texas Statewide Prevention for Higher Education and Center Fellow for U. S. Department of Education's Higher Education Center
- Vickie Adams, coalition coordinator, Circles of San Antonio Community Coalition

### Register today

TG's webinar will be offered Wednesday, September 21, 2:30 p.m. – 4 p.m. Central Time. [Registration is available online](#).

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## News Briefs

*The Chronicle of Higher Education* recently released the [Almanac of Higher Education 2011-12](#), an annual compilation of higher education statistics. Since the *Chronicle* began publishing it for subscribers, the *Almanac* has become a bible of sorts for those inside and outside of the academy. Its national and state-by-state account of higher education examines data surrounding finance, the profession, student demographics, access and equity, technology, and international trends inside and outside of the U.S. The *Almanac* also offers an accessible, handy synopsis of the latest developments in higher education.



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