
Cynthia Thornton: Thank you so much for coming. Thank you for joining us at our Foreign School Conference, and thanks, Geneva, for those words of introduction. Again, I am Cynthia Thornton, and I will be your presenter for this first session, Student Eligibility. As Geneva indicated, prior to this conference I did serve as a training officer. I joined the Department of Education in 2007, after serving over 21 years as a financial aid administrator. So, again, it is just my pleasure to just be here with you this morning so that I can share relevant information with you regarding student eligibility. It's also good to see some of you whom I've met during the Foreign School travel early in the year. I did get a chance to go to Canada, and I was excited about meeting some of you there, and many of you are here today, and Puerto Rico. I see some of the people that I met in Puerto Rico, and I've heard good stories, that now that you've had about six months – you almost have about six months under your belt – that you're doing great, and so the process is working for you, so that was good to hear, as well. We're gonna go ahead on and begin with our Student Eligibility session.

As you know, students must meet basic student eligibility criteria to be eligible for federal student aid. These basic student eligibility criteria include things such as the student must be enrolled as a regular student. They cannot also be enrolled in an elementary or secondary school. They must have a high school diploma, or they may be home-schooled. You all know that students must maintain satisfactory academic progress in order to be eligible student aid funds. And so, during this session, these types of things we're gonna be discussing in detail. There are many factors that you must consider when you determine eligibility, and you're gonna be receiving information from a variety of sources, including our central processing system. You get information from our National Student Loan Data System, and you, the school, you actually determine some of the eligibility criteria. So, for the next 30 to 40 minutes, we're gonna be highlighting some of the basic student eligibility criteria. This session is being recorded, so if you don't get a chance to take your notes, you will be able to go back after the conference and listen to this session and get clarification.

We do have, as Geneva indicated, many of our subject matter experts, who are in the back of the room, who work with your school types on a day-to-day basis, and they are here to assist us with any questions that you might have. If we don't get to your question, we will have a Q&A session that's gonna occur just before the lunch hour, and that session will be devoted strictly for answering your questions. So, you can hear those questions and get your questions answered then. You will also, through this

presentation, hear me reference some things that were published in our final rules. On October 29, 2010, the department published final regulations, and some of the things that I'll cover in this session, such as satisfactory academic progress standards that will impact all schools, we'll make note of it and want to make certain that you get to the appropriate session to get a lot more detail than I'll be able to provide in this time period that we have. But we do want you to know that there were new guidelines that were published, and I will saying it and I will be calling it to your attention throughout the presentation. So, with that said, we're gonna go ahead on and begin our presentation.

This first slide you see, _____ one of the first criteria that we talk about is that a student must be enrolled as a regular student in order to receive federal student aid funds. Now, a regular student is someone who is enrolled or accepted for enrollment in an eligible institution for the purpose of obtaining a degree or a certificate that's offered by the school, and this is one of those things that we'll be talking about. These first criteria, you have to document at the school level. We at the department would not have this information, and so this is one that you would be able to document at the school level. This second bullet talks about being in an eligible program. You must also document that the student is enrolled in an eligible program, and now, because your school's eligibility does not necessarily extend to all of its programs, you must also ensure that the program is eligible before awarding federal student aid funds. How do you know that your program is eligible? You receive a program participation agreement, your PPA, your electronic app, so you have asked or petitioned us and told us which programs. We've sent you a communication and told you which programs are approved, so you should know by the mere fact that you've asked us and we've approved some of your programs as being eligible programs.

Now, your school's eligibility extends to all programs and locations that were identified on your electronic app, unless your school participation team determines that certain programs or locations did not meet the eligibility criteria, and/or it has not been approved for FSA purposes. But, again, you'll know based on how your PPA and your ECAR is listed. A third bullet talks about remedial coursework, and we know that remedial coursework prepares a student for study at the post-secondary level, and that a student that's enrolled solely in remedial coursework is not considered to be eligible in an eligible program. However, if you have students that are admitted into an eligible program and they take remedial coursework within that program, then that student

could be considered as a regular student, even if he or she is taking all remedial courses before taking any regular courses. And then, this final bullet talks about preparatory coursework.

Now, in some instances, a student may receive a Stafford loan or a PLUS loan if he or she is enrolled at least halftime in a required teacher certification program. Even if it does not lead to a degree or certificate awarded by the school, there are many eligibility criteria associated with it, and you'll want to make certain that you pay attention to those. For these students who are taking preparatory coursework, for Stafford loans the students may borrow up to \$5,500.00, and up to \$7,500.00 of those funds in unsubsidized funds for the independent student, and for the dependent students whose parent were denied a PLUS loan. So, keep that in mind as you are working with your students who might be taking preparatory coursework or pursuing preparatory coursework.

Slide 3 highlights academic qualifications that you must verify before the student receives federal student aid funds. Our first bullet indicates that the student must have a high school diploma. A student enrolled in elementary or secondary school is not eligible for aid, even if he or she is simultaneously enrolled in an eligible college program. A student is considered to be enrolled in secondary school if he or she is pursuing a high school diploma, or if he or she has completed the requirements for a diploma and has not yet received it, and either if he or she is taking college coursework, for which her high school gives credit or a high school still considers her to be enrolled there. So, they must have a valid high school diploma.

Now, to receive FSA student aid funds, we have some other items that are noted on the screen, such as that the student must have been – if they don't have the high school diploma, they must have a recognized equivalent of a high school diploma, such as the General Education Development or GED certificate. You do see that home schooling is a possibility for students. We have ability to benefit here on the slide, and that is a domestic criteria. You'll want to make a note. That does not extend to our foreign schools, and that last bullet speaks to that the student must complete six college credits, and, again, that is related to that ability to benefit, and so you want to make a note that ATB does not extend to your foreign schools, but it is a domestic criteria, and we did put it there. Now, if the student indicates that he has a diploma or a GED, your school isn't required to ask for a copy, but if your school requires one for admission, then you must rely on that copy of the diploma

or a GED and not the student's certification alone.

Now, at this point, I do want to call your attention to new regulations that were published that address the issue of the high school diploma. The new requirement for institutions, there is a new requirement that you develop and follow procedures to evaluate a student's high school diploma, and here's a big if: If you, the institution, if you are the secretary, if you have reason to believe that the high school diploma was not obtained from an entity that provides secondary school education, and this will begin with your 11-12 FAFSA form, so this is something new that you'll want to pay attention to. There will be limited collection of this information via FAFSA on the Web for our first-time filers. Once we enter and this process is implemented, the students will be able to indicate the high school name on their FAFSA form. They'll do the high school name, the city and the state, and they'll be able to select this from a dropdown list that's been populated by the National Center for Education Statistics, so that, again, is something new that we wanted to call to your attention to be sure that you take a look at that in our new regulations.

Now, our next student eligibility criteria talks about satisfactory academic progress, that a student must maintain satisfactory academic progress. And, again, this is one of those areas that just recently changed in our final rules that we published on October 29, 2010, and these regulations and some of the things that we'll talk about become effective July 1, 2011. Again, that's July 1, 2011. Some of the changes that we'll talk about, and pretty much they impact all schools, including you as a foreign school, so all schools, both domestic and foreign, you'll find yourself going through the process of revising your satisfactory academic progress policy and your consumer information to make certain that you are adhering to our new guidance. So, in order to be eligible for FSA funds, the student must maintain – this has always been – they must maintain satisfactory academic progress, and you have always been required to have or publish a policy for monitoring that progress.

All schools must establish, publish and apply what we call reasonable standards. It must be at least as strict as your school's standards for students enrolled in the same educational program who are not receiving Title IV aid, and we also now say that you must check satisfactory academic progress at the end of the payment period, whether you evaluate each payment period, evaluate it at the end of every semester, every payment period, or some schools evaluate them at the end of the year. In our new

regulations, we do talk about our new requirements, that if you evaluate SAP at the end of each payment period versus at the end of the academic year, so there are a lot of new things and new terminologies that you will hear. But you will also find in our new regulations that we continue to provide flexibility for you, the schools, to establish your own SAP policies. We provide additional flexibility for institutions that monitor SAP more often than annually. That is, some schools choose to monitor SAP at the end of every semester or term. Who are you? Which ones of you monitor SAP at the end of every payment period? Great. Those of you, we have some new criteria for you, and so I must assume that the rest of you evaluate SAP at least once a year or in some other frequency. Where are you? Okay, so there are some of you – who doesn't know when you evaluate SAP?

Okay, because I didn't see a show of all hands. But that's very important, especially now, because effective July 1, we have defined some new terminology for you based on the frequency of your satisfactory academic progress standards. For instance, we have now defined what a warning is. How many of you give your students a – tell them that, “You're on financial aid warning”? Okay, so prior to July 1, you had flexibility as to what you defined as a warning, but effective July 1, 2011, we have now given you some guidance as to what a warning is. And how many of you put your students on financial aid probation? So, we have now defined financial aid probation for you, as well. And, again, depending on the frequency and when you do it, these criteria must be implemented. So, if you define SAP, if you review your SAP, your satisfactory academic progress standards, if you do it each payment period – and, again, where are you in the room – where you're looking at it every payment period, you're going through and you're evaluating your SAP, for those of you who do it every payment period, you now get to extend to the student what is called a financial aid warning, okay?

And for those of you who raised your hand and said, “I evaluate at the end of the academic year,” you don't get that same privilege of giving the student a financial aid warning. Your students would automatically go on financial aid probation, as defined in our new regulations, and we also address in our regulations what happens in the summer term. Again, SAP has to be evaluated at the end of the payment period. So, for your students who go to summer school, that means that you would automatically be evaluating at the end of the summer term if you've given them a probationary period. That one period, if they come in the spring, for instance, and you evaluate, or if they come during the academic year and you

evaluate at the end of the academic year, they're not maintaining satisfactory academic progress, they decide that they're gonna go to summer school to try to improve their grades, they now have that summer as a probationary period at which time they must appeal. So, again, I want you to be sure to read. We have a lot of sessions where we'll be talking about satisfactory academic progress in more detail. Here, I just kind of want to introduce it to you that we have changed, and it will impact you, as it will impact all of our schools. So, make certain, again, that you do pay attention to those provisions as they come out.

On this slide, we talk about your policy, that your policy must explain the qualitative and quantitative standards, and that they must be applied consistently to all educational programs, and all students within categories of students, such as your fulltime students, part-time students, undergrad, grads, and in the final regs, there's discussion and dialogue about all students within categories, because if you've been accustomed to evaluating and giving students warnings automatically, again, you don't have that same privilege effective July 1, and so some of the commenters wanted to know, "Well, what if I wanted to have categories of students, for instance, I want to evaluate my freshmen and sophomores at the end of every payment period, but my juniors and seniors I only want to evaluate them once a year. Can I do something like that?" and the answer from the department was yes, you do still have that flexibility of having that policy. You, again, must make certain that you are applying them consistently. And then, on the second bullet, we talk about there are minimum statutory requirements that we've always had, where we talk about qualitative standards, such as grades, and quantitative standards that you must have, and we're gonna talk about these in a lot more detail on the next slide.

So, for qualitative standards, if you have programs longer than two academic years, your students must have a C average or its equivalent by the end of the second year, regardless of how many credits they've accrued, or they must have an academic standard consistent with the requirements for graduation. Now, if your school does not use letter grades, then you must define the equivalent of a C average. Having an academic standard consistent with graduation requirement could mean that you use an escalating grade point scale instead of using a fixed one. This is very common, where we say some students might have a lower GPA in their lower levels, and then, as they progress, they're required to maintain the 2.0 average, so it is possible to have a fluctuating or a floating or a graduated scale.

Now, for programs that are two years or less, you must have a qualitative standard at least as stringent as the one that we have just mentioned above. This next slide, we talk about the quantitative standards, and this, again, is an area where we are talking about another new terminology that I'd like you to make note of, and that is one of **PACE**. You will see in the final regulations, we talk about a new terminology of PACE, and I do want to just call your attention that we don't have all of this stuff listed in the slide, because at the time that this presentation was due, the regulations had not been published, and so we want to just take an opportunity to at least introduce it to you, and so that's why you don't see some of the new criteria that's here.

Now, again, your SAP policy must include a quantitative measure to determine the number or percentage of courses or credit or clock hours completed. To quantify for academic progress, you must set a maximum timeframe that cannot exceed 150 percent of your published length of the program measured in academic years or terms, or credit hours attempted or clock hours completed, as determined by your school. So, for instance, if your published length of your academic program is 120 credits, the maximum period must not exceed 180 attempted credit hours, and so this is not new. We've always had this longstanding policy in our regulations. But what is new, again, is this concept of PACE, the PACE of progression to ensure completion within the maximum timeframe. So, PACE of progression.

Now you'll hear it relates to the quantitative standards. PACE is measured at the end of each evaluation period, and to get to the PACE, we now also give you a formula to calculate the PACE in which a student is progressing, and that formula is to divide the cumulative number of hours the student has completed by the cumulative number of hours the student has attempted. So, PACE. Again, quantitative PACE. We are giving you now a formula for determining the pace at which a student must progress and still be eligible to receive financial aid. So, again, that's new. Make certain that you make a note of pace and sit in on that session, where we're gonna be talking about this area in more detail.

On Slide 8, we continue our discussion of satisfactory academic progress, and we also say that your policy, you're required to have a policy, and it must address transfer students, how you'll handle repeat courses, remedial coursework; what are you gonna do with incomplete grades and withdrawals? And so, again, in our new final regs that were published on October 29, 2010, we do tell you

that for transfer student credits accepted towards completion of the student's program, that you must count them in both the hours attempted and the hours completed, okay? So, that's new for transfer students, that you must count them both in the hours attempted and the hours completed. Again, make certain that you pay attention, listen up, gather new information here at the FSA conference about how to handle transfer students. Also, in our October 29 regs, we are now more prescriptive on how a student can reestablish eligibility, and in your policy, you must tell the student how they can reestablish eligibility. We now have a uniform definition. We've told you about what a warning is and when a student can go on a warning, and so which type of school is eligible for a warning, to give a student a financial aid warning? If you evaluate at the end of each payment period, then you might give the student a financial aid warning, and then, after which, they go into financial aid probation, and everybody, after probation, they do have to file an official appeal process.

So, we have now provided more information to tell you what that appeals process must look like. For instance, we say things like, "You must ask the student why they didn't maintain satisfactory academic progress. That's reasonable, right? You always ask them why and, "What circumstances have changed that will allow you to make satisfactory academic progress now?" So, again, make certain that you have taken a look at that, and that you do get more information about the appeals process and what is required. If you do not offer appeals, you're not required to offer students an appeal, but when you do not, you still must tell the student how they can reestablish eligibility at your school.

We also have this concept that when you place a student on probation or such that you can also give the student what is called, or develop an academic plan for the student, and so many schools are already taking advantage of defining an academic plan so that the students can see what they need to do in order to be successful in meeting the satisfactory academic progress. In the final regs, we tell you you're not required to develop an academic plan, but that is an option that we offer and that we highly recommend, because, again, the whole purpose is to make certain that you do early intervention for the students, and that they are meeting the criteria to maintain satisfactory academic progress.

Now, when you're putting students on probation, they may only receive Title IV funds for one payment period. A student on probation may not receive Title IV funds for subsequent payment periods. You can't get it for subsequent payment periods unless

the student is now maintaining satisfactory academic progress, or they institution determines that the students meet the criteria specified by the school in the academic plan. I would highly recommend that you go out and take a look at those final regs and look at the comments, because many of the schools had questions regarding – and many of them are actually opposed to putting students – a lot of the schools wanted to continue to have that flexibility of giving a student a warning, then a probation. But, again, now we're very prescriptive and you cannot give a student a warning unless you are evaluating SAP at the end of every payment period, and this information has to be included in your consumer information. So, again, this is a major shift for all schools, and every one of you sitting out there will have to actually go back when you leave the conference, take a look at your policy, and make certain that you are meeting and going through and evaluating to see what's new and, "Does my policy meet the criteria as outlined by the department?"

We also tell you what to do during summer crossover payment periods. Again, we do have lots of information at this conference that will be provided. In the essence of time, I'm gonna go ahead on and continue through. On Slide 9, we talk about the fact that students, in order to be eligible for the student loans for which you'll be processing, that they do have to be enrolled at least halftime, and that we want to remind you that at the time of disbursement that you must make certain that you have procedures that you and your business office, you are verifying that the student is, in fact, still enrolled at least halftime. And on that third bullet, you see for 11-12, I just wanted to call your attention to the fact that the FAFSA for the 11-12 school year is now going to eliminate that enrollment status question. We used to ask the students, "What is your anticipated enrollment status – fulltime, halftime?" We are eliminating that question and the one that relates to, "Do you prefer work study or student loans?" Those questions are being eliminated to simplify the FAFSA, and I thought I'd just go ahead and put that there for you so that you'll have that information.

On Slide 10, we talk about drug conviction, that in order to be eligible for student aid, if a student has a federal or a state drug conviction, they can be disqualified for federal student aid funds, and you see here that this information is self-certified on the FAFSA. There is a question that you need to ask yourself in that second bullet, and that is, "When did it happen?" When did this drug conviction happen? Were they in school and receiving Title IV funds, and, if that is the case, then, as the bullet indicates,

they are ineligible for FSA funds. If they had that conviction during some period where they were not receiving, then it's not counted. We do ask you to see Volume 1 of the FSA handbook to find out more information, and notice that on the third bullet we say that there is no database match, and you are not required at the school to perform any confirmation, but we are very prescriptive as to what the student must do to continue to maintain eligibility for it.

Now, that concludes those items that you at the school level, that you are required to check that we don't have access to, but as this slide indicates on Slide 11, that the department, we have many systems by which we are going through and verifying eligibility to assist you in our student eligibility database matches. Notice that we check data with our central processing system, and here, on the database matches, you'll notice that we're matching eligibility with the Department of Homeland Security, NSLDS, the Department of Justice, Selective Service. We have many agencies where we're helping you determine that student's eligibility, and we're gonna get back to you and we'll send you the information that results from these matches on the **ISIR** record, and the student is notified on their student aid report.

This slide, Slide 12, talks about the CPS matches. Notice here, on the ISIR, you are given notification as to what's the results of these matches, so I just did a little screen print to show you that this information is obtained in the financial aid information section of the FAFSA form, and notice that we do give you various comment codes, as well. You can actually find more information about these match flags. It's located in Appendix B of the ISIR guide. How many of you knew that we had an ISIR guide there? Every data element that's on that ISIR, you actually have a book or publication that you can actually access. It's on IFAP, under our publications model, so that you can actually look and decipher some of the codes that are out there, but suffice it to say for here that we wanted you to know that it is there, and you do have a resource to help you figure out what those codes mean.

When you get that C flag, that C is usually denoted next to that **EFC**. Notice that there's always resolution that's required, and that we always tell you what the resolution must be. Even in our ISIR guide, there's a section that tells you, "This flag means XYZ, and this is what you must do to resolve it." So, if you're not sure, "How do I get it resolved?" again, Appendix B of the ISIR guide will give you more clarification. You must resolve these C flag or C code issues by making a correction to the ISIR. It could be that

the student made a mistake in putting one of the data elements, and you simply are going back out and correcting it, or, if they didn't make a mistake, then you're required to collect the required documentation to resolve that eligibility issue. Again, we have listed that information in our ISIR guide.

So, here on Slide 14, we talk about that the student must have a valid Social Security number. We do have, and we do conduct a match through the Social Security Administration, and our CPS system is gonna verify that the name and the date of birth matches with the Social Security number that the student has listed on their FAFSA form. Now, the CPS won't process an application without a valid Social Security number, and the student who doesn't have an SSN or doesn't remember it, they must contact our Social Security Administration for help, and we do have on the slide a 1-800 number, and a website that you can share with your students, and they'll have this information printed, also, in their comment codes that they must do.

Now, again, you must resolve any problems with the matched flag before you disburse any aid, and you're gonna get rejects and stuff. Remember, when you're originating those loans through our direct loan origination tool or through COD, you're gonna have issues originating _____ because you're not gonna have a valid output document. You must go through and make certain that you get that information resolved. Sometimes, you don't actually get an **EFC** for it. Now, if the SSN is not found in our Social Security Administration database, the application will be rejected and the student will also receive a comment that instructs him or her how to correct it. Successful matches, of course, you get to push on through the system.

This next student eligibility criteria on Slide 15 talks about citizenship. The Department of Education performs matches against the application to verify the student's citizenship status. In addition, there are procedures that you must follow to confirm the non-citizenship status through our Department of Homeland Security and Social Security Administration if the CPS match does not confirm the status for a student. Now, a student citizenship status code only needs to be checked once during the award year, and if the status is eligible at the time, it remains so for the rest of the year. The eligible statuses are listed here on our slide. If their status is a U.S. citizen or a national, a U.S. permanent resident, and so on and so forth is listed on this slide. Now, if you have a parent that wants to take out a PLUS loan for a dependent, undergraduate student, both the parent and the student must be a U.S. citizen, or a

national or an eligible non-citizen. Again, parent loans. If you want a parent, both the student and the parent have to meet the citizenship requirement.

On Slide 16, we talk about the U.S. citizen or a national. A person is considered to be a U.S. citizen by birth or by naturalization. That person is born in the United States, the District of Columbia, and, in most cases, Puerto Rico, U.S. Virgin Islands, Guam, and other countries are U.S. citizens, and most persons born abroad are, as well, who are also citizens. If your citizenship is not confirmed, there are things that you must do. If the Social Security Administration's match doesn't confirm that the student is a citizen, the _____ will also include a comment code explaining what's needed to provide documentation. We also have here on this slide that we have comments, very specific comments that are in Appendix B, Section 8 that gives you more information about how to do this.

We also want to call your attention that there was an announcement posted on November 10 for foreign schools. It's Foreign School 2010 08, and we understand that there has been problems with records rejecting due to citizenship problems. Any of you experienced that? So, we did give you a workaround that was put out on November 10, 2010. Our time doesn't permit us to go into it in detail, but we basically give you some guidance as to how to get that record to go on through our origination system. So, make certain if you're having issues, citizenship issues that seem to be excessive, we do give you some guidance that was published recently, November 10, to tell you how to push those through.

On this slide, we continue to talk about U.S. citizenship and some documentation that you can have, including a copy of the student's birth certificate, U.S. passport, that FS Form 240, the counselor's report of birth abroad or the FS 545, the certificate of birth issued by a foreign service post, the certificate of citizenship or certificate of naturalization. More information regarding this can be found in Volume 1 of our FSA handbook, and it has a lot of detail as to what to do if you find your students who are having citizenship issues, and what you must do to go through and resolve it. On Slide 18, we continue to talk about those students who are classified as eligible non-citizens, such as those who have been granted asylum, persons who are paroled into the U.S. for at least one year, or refugees.

Now, to verify the immigration status of a U.S. permanent resident and other eligible non-citizens, the department collects what it is

called an _____ on the FAFSA form, and this _____ number and other identifying information is automatically sent to the Department of Homeland Security, who will do the primary verification. The results are shown as a match flag on the financial aid administration section of the output document, the ISIR, and so you'll have to go through and decipher, and if the status is not confirmed, if the match was conducted and it didn't confirm the student's status, the discrepancy must be resolved. You have to resolve it before you pay the student. Make sure that this alien registration number and the date of birth are correct. That's one quick way that you could check and see that they listed it, and to confirm if the student is eligible for FSA funds, his or her record will have to pass through a subsequent process that's called a secondary confirmation.

We have automated this secondary confirmation process but, if after 15 days, you've gone through, you're trying, and you're waiting on a secondary confirmation and you don't get the results after waiting 15 days, we do say that you must take the student through a paper process, and we also list this secondary confirmation form **G845**. Again, it must be resolved before you make a disbursement, and we do call your attention to that ISIR guide, Appendix B, Section 8, where you can find more detail about how to process, or continue processing a student who's having issues being an eligible non-citizen.

Then, on Slide 19, we talk about Selective service registration. This has always been a student eligibility criteria, that a male who is age 18 to 25, they are required to register with the Selective Service system. This requirement covers men residing in the U.S., who are U.S. citizens or eligible non-citizens, and there are some exceptions that apply. The student has several ways to register, including an easy way, which is they can answer a question on the FAFSA form. They can always go out and make a correction and say that, "I would like to register," or they can go directly to the Selective Service registration site that you see listed here on the slide to complete that process. But it is a requirement, and you must resolve the Selective Service registration reject or edit before you make a disbursement, and again, notice here that this is in the ISIR guide in Appendix B, Section 5, if you need more information about how to resolve the Selective Service.

And then our final student eligibility criteria that we talk about on Slide 20, is that of the National Student Loan Database and the financial aid history. As you know, students do attend multiples schools, can attend multiple schools, so this website or this process

of having a financial aid history located, and all of the student's loan borrowing information located in one place helps you through the process. So, we are bumping up that FAFSA data against data that we have available at NSLDS, and notice here that in order to receive financial aid that the student cannot be in default on a student loan, or the borrower in that case of a parent loan. They can't exceed the annual or aggregate limit. They _____ an overpayment on a Title IV grant or a Perkins loan, and have judgment liens owed to the U.S. Department. For instance, parents who might have IRS liens, and that sort of thing, we're gonna know that and it's gonna impact their eligibility. You'll know it because you're gonna get a match flag that's listed on the ISIR, and you'll have to go through and make certain that you have addressed and resolved those issues prior to making the disbursement.

When you again have unsuccessful matches, as listed here on Slide 21, you want to make certain that you document the problem and that it's resolved before you go through and you disburse aid. For instance, if a student is in default on a student loan, if the student successfully repays that defaulted student loan in full or through consolidation, they continue to be eligible for financial aid through the enrollment period, or perhaps they'll make satisfactory arrangements with the lender to repay that student loan. So, at any case, you have to document that the problem has been resolved before you disburse it. Notice here in this third little bullet, we point you to the ISIR guide, Appendix B, Section 42, where we talk to you and tell you how to handle those unsuccessful NSLDS matches and what you must do. And then the second major bullet talks about post-screening after the initial match, that we are always going through bumping the students' eligibility.

We are always receiving information at the CPS, and when we receive information, let's say you've already processed the first disbursement of a student loan, you get another pushed ISIR that says the student is now in default on a student loan. You cannot make that next disbursement until you've gone through and resolved that defaulted student load, or whatever the edit is. You always are constantly checking. We're pushing ISIRs out to you to alert you that something has happened, and it is your responsibility to take a look at those pushed ISIRs that you get. Don't assume, "Oh, it's just a student out there doing something." Don't assume. You have to actually take a look at those pushed ISIRs and make a decision as to whether or not it has impacted the student's eligibility, and correct it if you need to.

And then, this third major bullet talks about transfer students, that students, you have to have a process for monitoring students who transfer into your institution, perhaps at the midpoint, and we talk about that in another session, but, for your criteria, for your being here, you just need to know that you have to have a transfer monitoring process so that you'll know how that aid and how that impacts the student's eligibility. So, make certain that you sit in, and we're gonna be talking with you later today, and we have a whole session on NSLDS, where we talk to you about the transfer monitoring process. And this final slide talks about resolving default status, and we've already mentioned it, that there are many ways that you could resolve a default status, that is repaying it in full, as we mentioned, through consolidation, the student making satisfactory arrangements to repay, or taking that student through loan rehabilitation. So, many ways to get it resolved.

Student eligibility is pretty much a foundation before you go through and disburse aid, and sometimes you can't even calculate the eligibility because there might be issues that you have to address and resolve. And we do give you here, on this slide, an excellent resource so that you can learn more about it. Notice we want to point you to the IFAP, and, after leaving Canada, I did ask the Canadian and our Puerto Rican schools to make certain that you sign up for IFAP. Make certain that you go out and sign up for My IFAP Alerts so that you are sent information automatically to let you know when changes have occurred. Everybody, anybody at your institution, including your business officers, can sign up for a My IFAP Alert, to alert you for things such as that's listed here, this federal register that occurred, where we have now published new guidance.

We not only changed guidance for SAP, we changed high school. We have 14 issues that we took through our negotiated rule-making process that might impact how you process a student, and you'll want to make certain that you take a look at the federal register. And if my memory serves me correctly, we had an **MPRM** out there for foreign schools, as well, and I think, over the last couple of days, we actually published final regulations as a result of that. So, I didn't list that here because it wasn't final, but I am being told, I think we got a message that it has now – we do have final regs out for foreign schools, as well, that we'll talking about, and I'm sure you'll hear about over the course of these couple of days. Make certain that you can point to Volume 1 of our FSA handbook, and the IFAP foreign school information page to receive more information. That concludes this session on student eligibility, and don't forget, if you have questions, we are

gonna have a Q&A session that immediately follows **Jamie's** session, where we will be answering your questions that you have, but in the essence of time, we're gonna go ahead on and continue through with our presentation on calculating awards, so I'm gonna go ahead and get Jamie ready. Calculating Direct Loan Awards, and so now I'll turn it over to Jamie.

Jamie Malone:

Good morning, everyone, and welcome to the United States and to Disney World. My name is Jamie **Malone**, and I am a training officer in our Chicago regional office, and I did have the pleasure of doing training in both Ireland and England in June, and I see a couple familiar faces out in the crowd from that trip. What we're going to talk about this morning is how to calculate the eligibility for a student for the direct loan. How much money is the student actually eligible to receive? I'm gonna make this a kind of a class participation exercise, too, so you're not gonna be able to just sit and listen.

Okay, let's talk about the types of direct loans that we have. We have subsidized and we have unsubsidized. Depending on how much financial need the student has, the student's annual amount can be all subsidized, a combination of sub and unsub, or all unsubsidized. Within subsidized and unsubsidized, we have a base loan amount and an additional loan amount, and we'll look at the loan limits chart in just a few minutes and talk about that. Then, of course, we have the PLUS loans, the loans for the parents of dependent undergraduate students, and for the graduate professional students.

Talk about subsidized first. Subsidized loans are need based. That means that we take the cost of attendance minus the expected family contribution from the ISIR, and that gives you the student's financial need. In order to calculate student eligibility, you're also going to deduct from the need any estimated financial assistance that you know that the student is receiving. Many students will come to you and say that they're receiving a scholarship from their high school, or a scholarship from their mother's employer. Maybe your institution is providing them with some sort of a scholarship or grant. So, that money is considered to be estimated financial assistance, and that does count when determining the student's subsidized eligibility. The cost of attendance that you're going to use is determined for the number of weeks or months in your loan period, and the expected family contribution, again, is the primary expected family contribution from the ISIR, and if you look – I believe, at least on the ISIRs that I have, it's Page 3, there's the financial aid information section, and we do give you

the list of ISIR EFCs for months 1-12. So, if you have a 9-month loan period, you would take the 9-month EFC. If you have a 7-month loan period, you would take the 7-month EFC.

Always remember that you must determine a student's subsidized loan eligibility before you determine their unsubsidized eligibility. What I didn't put on the slide but I think is important to note is the interest rate. For undergraduate students, subsidized loans are currently at a fixed interest rate of 4.5. For graduate and professional students, it is a fixed rate of 6.8. Okay, unsubsidized loans are not need-based, so that means that the EFC is not part of the equation. We just take the cost of attendance minus all of the estimated financial assistance, including the subsidized loan, and that tells us the student's unsubsidized eligibility. Interest rates on the unsubsidized loan is fixed at 6.8 percent for both undergraduate and graduate professional students.

PLUS loans. For parents of dependent undergraduate students or for your graduate professional student, the PLUS loan is also not based on need, meaning the expected family contribution is not part of the equation. It's just the cost of attendance minus the student's estimated financial assistance, and unlike sub and unsub, there are no annual or aggregate limits in the PLUS loan program. Essentially, the cost of attendance becomes the limit for the PLUS loan. We do have a credit requirement in our regulations that the parent borrower or the grad professional student borrower must not have adverse credit, and I think you're probably familiar already with the way that you do your credit checks, either through COD or through the studentloans.gov website. Currently, all of core students are required to file the FAFSA, but if the dependent student's only aid is going to be a PLUS loan, that parent is not required to have the child complete the FAFSA. That will change for the 2011-12 year, and the department is going to require that student's complete a FAFSA even if the only thing they want is a parental PLUS loan.

You must, of course, offer subsidized and unsubsidized before you offer PLUS, because they are financially more beneficial for the student. The PLUS loan is at a fixed rate of 7.9 percent. We should probably talk a minute to describe the difference between subsidized and unsubsidized, other than the fact that subsidized is need-based. Subsidized loans are subsidized by the U.S. government, so during the time that the student is in school, in deferment, in grace period, the government is paying the interest on that so the student does not do that. In the unsubsidized world and in the PLUS world, there is no interest subsidy from the U.S.

government, so the interest begins to accrue immediately. Students have the option to have that interest capitalized while they're in school, and not have to make payments on it while they're attending, or they can choose to make payments just on the interest while they are in school.

I guess it's kind of unfortunate, but we do have a good number of students whose parents refuse to provide any assistance when it comes to going to school. They will not complete the FAFSA, and they do not provide financial support for the student. So, just recently, Congress wrote in our law that you may use your professional judgment when a student's parents, and the student is dependent, of course, refuse to complete the FAFSA and do not provide any support whatsoever to the student, and will not do so during the school year, and the parent is willing to put that in writing for you, you can give the student unsubsidized loans only. It would be only unsubsidized eligibility, because if we don't have a FAFSA processed, we don't have an EFC. If we don't have an EFC, we cannot calculate need. So, therefore, there can be no subsidized eligibility. But because the unsubsidized loan is non need-based, you can process the student for unsubsidized loans only, and it would be at the dependent student limits, and we'll talk about loan limits in just a minute. Actually, we're here.

If you look on Page 2-18 in your materials, this chart is in much bigger format for you, and I just want to make sure that everybody is familiar with the chart. We start out with dependent students. We have the base amount in the middle column. That is the maximum subsidized loan that the student may receive. As you notice, it's broken down by grade level – first year undergrad, second year undergrad, third year and beyond undergrad – and then we have the unsubsidized loan amount above the base. That is all unsubsidized. The base amount, depending on the student's need, can be all subsidized, can be partly sub and unsub, or it also can be completely unsubsidized. We've also got annual loan limits there for preparatory coursework and teacher certification. Again, these are annual loan limits. The student is eligible to borrow up to one annual loan limit for each academic year.

Independent students, the dollar amount of the unsubsidized additional increases, so the independent student, whose parents do not have the option to borrow a PLUS loan, can receive additional unsubsidized loan money. Again, we have the base amount, which is the maximum sub, can be part sub and unsub, or all unsub, and then we have the additional unsubsidized loan amount. And then, at the bottom, we have the annual loan limits for graduate and

professional students. \$8,500.00 is the base amount. That, again, can be the maximum subsidized amount, part sub and unsub, or all unsub, and then they have an additional unsubsidized loan amount above that of \$12,000.00. On the chart, you actually do have also the aggregate loan limits. I did not put them on the slide, but they are there. Dependent undergraduate subsidized is \$23,000.00. Independent undergraduate subsidized is also \$23,000.00, but then you'll see the \$31,000.00 is the total sub and unsub combined for the dependent undergrad, and it is 575 for the independent undergrad, and then we also have the grad professional figures there, as well. I know I have this chart hanging on my cubicle wall, because whenever anybody asks me about loan limits, it doesn't pop into my brain immediately, so I use the chart frequently. You maybe have it memorized, but I don't have it memorized.

Determining loan periods. What is the loan period? It is the period of enrollment for which you are determining the student's eligibility for the loan. In the direct lending program, we say that you are originating the loan for a particular loan period. Maybe the student is going to school for two semesters, the fall semester and the spring semester, and that goes from mid-September to mid-May, so your student's loan period goes from mid-September to mid-May, and you are calculating his or her eligibility for that academic year based on the cost of attendance for that period and the appropriate EFC and estimated financial assistance. We do have a regulatory requirement that direct lending must be disbursed in payment periods, which means at a term-based institution that you're taking the total loan amount for the loan period and dividing it into equal amounts and disbursing a portion of it in each term. With the direct lending program, you have direct control over that disbursement process, where in the FFEL program, the lenders were the ones that were providing the money to you; now your school needs to go into our G5 system and actually request that those funds be drawn down.

Maximum loan period is your academic year. At a semester school, typically an academic year is two semesters. At a quarter calendar, an academic year is typically three quarters. The loan period can exceed the academic year if the student's program of study is maybe an academic year and a half, so then, in that scenario, maybe you have a clock hour program that is a little bit over one year. It's not a degree program, it's a certificate program, and in that scenario, then, the student could borrow for the length of the program. The minimum loan period is an academic term. A student can borrow for just one semester or one quarter. You

would calculate the appropriate cost of attendance for that period of time, use the EFC for that period of time and the estimated financial assistance that the student is receiving.

On Page 2-17, right before the loan chart, you have a cost of attendance worksheet. Please feel free to duplicate this and use it for each of your students if you find it helpful. The cost of attendance is an estimate of the educational expenses that you believe the student will incur. Educational is the key word. Expenses that are related to the student's attendance at your institution, and it does include both direct institutional charges and indirect costs that are related to education. Tuition and fees, of course, is a direct cost from your institution. Books and supplies, students may purchase books and supplies from you, or maybe they go to Amazon.com, or go somewhere else. Transportation is an indirect cost. The student has to get back and forth to school. Either they're commuting on a daily basis, for you they're initially coming from the United States to your country in order to go to school, so there's an initial transportation cost there, as well. Personal expenses. We want our students to practice hygiene, so we do expenses for deodorant and shampoo, and just general miscellaneous expenses.

We also allow for the cost of a personal computer, even if the particular program of study that the student is in does not require one. I think it's pretty much a given now that college students are going to need a computer for something, whether they're typing a term paper, whether they're doing research on the Internet, they're going to need one. So, we do allow you to take the cost of an average laptop that a student would use and include that in the student's cost of attendance. Maybe you give them the cost of the laptop in the first year, and then, for the remaining years, maybe you'd throw in a little bit extra for an upgrade on software, or something like that. Some schools will require that the student actually bring them a receipt to show them what the computer cost. Most schools, though, just take an average of what a decent laptop that the student can use for school would cost, and they would include that in there.

Allowance for room and board. Even if the student does not live in your housing facilities or eat in your dining halls, the student still has to live, so we do have an allowance for room and board, and you determine, if the student is living on your campus, you know exactly what the institution is charging the student. But, otherwise, you determine what an average monthly rent would be for a student who's got an apartment nearby campus, or in another part

of town, and you can do that by calling around to apartment buildings in your area. You may have a local agency that gives estimates of what local rental payments are. You may survey your students and ask them how much they are spending for room and board, but we do require that the students do have an allowance for room and board because they do have to live while they're going to school.

Dependent care costs. These are costs to take care of a dependent, but they are costs incurred while the student is attending school. So, let's say that the student has minor age children, and during the time that the student is in class, the children need to be in a daycare, so then the cost of that daycare for the time the student is in school could be included in the cost of attendance. Maybe you have a student who is taking care of a sick parent and they have to have daycare for their elderly parent. That would also qualify as a dependent, and you could include the cost of that in the cost of attendance.

Study abroad expenses. If your students are leaving your country and going to another country outside of the United States, there could be some additional expenses incurred there. Costs associated with a disability. I know in the United States, many times there are nonprofit organizations, such as the United Way or the Association for the Blind that will provide equipment and assistance to students at no charge. In your country, that may be the case, or it may be that the student has to buy a particular software, so that because they're blind, they can do brail on the laptop, or maybe they need to have a note taker in class. Maybe they are deaf and they need to have someone who's doing sign language for them. So, if there's a cost to that that the student is incurring, that can also be included in the cost of attendance. If any of you are doing cooperative education, students are working as part of their education, there may be additional transportation costs related to that, maybe they had to purchase a uniform, maybe they have to eat meals on the job, so there's a little additional cost for that. You can put that in, as well, and then, of course, the loan fees, which currently, in the direct loan program for sub and unsub, are netting out at .5 percent.

So, again, you calculate the cost for attendance based on your institution's charges and what you believe is an adequate amount for the other components. Students may, and they probably frequently do come to you and say that this isn't enough for living or this isn't enough for personal, and you have to make a determination of whether you should do an individual adjustment

to that particular student's cost of attendance. Just keep in mind that it is educational costs. I've gotten a number of emails from schools in the U.K. that say that the student is moving and they're bringing their spouse and their five kids, and so they've got all of these additional expenses that they would like to have in the cost of attendance. Well, the spouse and the five kids have nothing to do with being in school, so there may be a little additional room and board expense for that, but we're not paying for the upkeep of the household for the spouse and the children. So, we have to remember that it is educational costs that we're looking at.

Okay. If you flip in your materials to Page 2-20, we have a worksheet there that I'm not gonna have you fill in because I want you to take it back home and use it. You can duplicate it and use it as your eligibility worksheet when you're determining a student's loan eligibility. But on 2-21, I'd like to walk through that one for our student, Tom, and you do have the answers on the slides but I'm not going to put them up. Tom is a dependent third-year student. His cost of attendance is \$20,000.00, as determined by the school. His EFC from the ISIR is 3644, and he is telling you that he is receiving an honors scholarship for \$8,500.00. So, we want to calculate Tom's eligibility for subsidized and unsubsidized, and one thing I didn't mention and it is very important to say, the cost of attendance must be in American dollars. The loan amounts are in American dollars, so the cost of attendance is in American dollars. Any estimated financial assistance that the student is receiving from your school or in your country does need to be converted to American dollars, and, of course, our EFC is in American dollars.

So, let's take that blank worksheet there, the second one, and fill it out for Tom and see what we have. If we go in Box A, we're asking for the cost of attendance. The cost of attendance we've determined for the period of enrollment is \$20,000.00. We take his EFC, or expected family contribution, and that is \$3,644.00. That, remember, is subtracted from the cost of attendance to give us the student's financial need, but we're also going to subtract that \$8,500.00 scholarship that he's bringing to the table. So, after deducting the scholarship, his net need is \$7,856.00. I'll put it up so you can copy it down. Now, what we want to do is we want to go back to the loan chart, and we want to look at the maximum amount that Tom could receive in subsidized eligibility for his dependency status and his grade level. It tells us that he is a third-year student and he is a dependent student, and, actually, we wrote the subsidized loan limits there for you. He can receive, by the law, up to \$5,500.00 in subsidized loans, so we put that in Box E,

and then what we do is we compare that maximum amount from the loan chart to the remaining need that Tom had in Box D, and that tells us, because Tom's need exceeds the loan amount, that Tom can borrow the full \$5,500.00 in subsidized direct loan funds. Okay? Now, let's move on to the unsub.

Same cost of attendance, and now the estimated financial assistance is the \$8,500.00 scholarship and the \$5,500.00 subsidized loan that we just awarded him. We do not have the EFC in this calculation because the unsubsidized loan is not need-based. The EFC is not part of the equation. We take the EFA, or estimate financial assistance, subtract that from the cost, and we get \$6,000.00. What we need to do now is look at the total annual amount that the student may receive, and this, unfortunately, the totals are not on our chart, so what we have to do is we have to add the base and the additional together. For the dependent third-year student, it is \$7,500.00 because it was \$5,500.00 of the base loan, and an additional \$2,000.00 of the additional unsub. So, our total annual loan limit for Tom is \$7,500.00. Subtract from that in Box K the \$5,500.00 subsidized loan amount, and that leaves \$2,000.00. Tom, in an unsubsidized loan can borrow the lesser of what is in Box I, or what is in Box L, and in this case, it is \$2,000.00. So, that's the most unsubsidized loan that the student can receive.

Okay. Everybody okay with that? Okay. What I'd like you to do is work with your neighbor, work by yourself, and just take a couple minutes and see if you can do Patrick without looking at the answers on the slides. Patrick is also a dependent student. He is a first-year student. His cost of attendance is \$16,000.00. His EFC is \$2,408.00. He is getting \$4,000.00 in scholarships from various sources, so we want to calculate Patrick's subsidized and unsubsidized loan eligibility, and I'll give you just a couple minutes. Okay, let's take a look and see how we did. We're going to start out with the cost of attendance, and that was \$16,000.00, right? And what's the EFC that we're going – I'm going backwards. I don't want you to read that.

What's the EFC that we're going to put in there? \$2,408.00, and how much is the estimated financial assistance that Patrick has received to this point? \$4,000.00, so we're going to subtract the EFC and the estimated financial assistance from the cost, and I couldn't have done it without a calculator, so, if you did, I'm very happy for you. The difference is \$9,592.00, so that is the remaining need that Patrick has at this point in time. Now, we said that Patrick is a dependent first-year student, so his maximum

subsidized eligibility is how much? \$3,500.00, so that's what we put in Box E, and then he can borrow the lesser of that annual loan limit or his financial need in Box D. So, he can borrow the maximum \$3,500.00 subsidized loan. Everybody okay with that? Anybody not clear? Okay, let's go on with the unsubsidized.

Same cost of attendance, \$16,000.00. Now, we're going to take the \$4,000.00 in scholarships and add that to the \$3,500.00 subsidized loan we just determined that he was eligible for, and that gives us \$7,500.00. We are not using the EFC because this is not a need-based loan. The difference is \$8,500.00. The total annual loan limit for a dependent first-year student, which is the base loan plus the additional, is \$5,500.00, \$3,500.00 maximum sub, and the \$2,000.00 additional unsub. So, we put the \$5,500.00 in Box J, and we subtract from that the \$3,500.00 that we just gave to Patrick. That leaves \$2,000.00. The lesser of that amount or his – the lesser of that amount or the difference from what he has is the amount that he can borrow. That gives him \$2,000.00, which happens to be the annual loan limit for a student at his dependency status and grade level. So, Patrick is eligible to borrow the maximum loan amount, \$3,500.00 subsidized, \$2,000.00 unsubsidized. Make sense? I think if you use the worksheet, it's relatively easy to walk through.

Okay. We flip the page. We want to look at PLUS loans. Patrick is a dependent student, and his mom and dad are willing to borrow a PLUS loan. They're willing to contribute to his education. So, what we need to do is we need to complete those two boxes. So far, Patrick has \$4,000.00 in scholarships, and we gave him a total of \$5,500.00 in loans. We're not aware of anything else at this point in time. So, his estimated financial assistance is \$9,500.00. The cost of attendance in the box on the right, Patrick's parent's PLUS loan, is \$16,000.00, minus that \$9,500.00 estimated financial assistance. Again, we're not using the EFC because the PLUS loan is not need-based, and that gives us a maximum of \$6,500.00 that Patrick's parents can borrow in a PLUS loan, anything up to \$6,500.00. They cannot exceed the \$6,500.00. So, assuming that they pass the credit check, they can borrow whatever they feel they want to toward Patrick's education. And, of course, if Patrick was a graduate or professional student, the calculation for the PLUS loan would be the same. Okay, and that little blurb there tells you a little bit about that.

And then lastly, before we take a break, let's look at the next page. Let's pretend Patrick's mom and dad were denied a PLUS loan, they failed the credit check, or let's pretend that Patrick was

independent, whichever way you want to go. In that case, then, we need to calculate unsubsidized eligibility using a different loan amount. If his parents are denied the PLUS loan, he becomes eligible for additional unsubsidized amount at independent student loan limits, instead of dependent student loan limits. So, let's fill out this box. The cost of attendance, again, is \$16,000.00. Now, we're starting over with unsub, so our estimated financial assistance is the scholarship and the \$3,500.00 subsidized loan only, so that is \$7,500.00, giving us _____ of \$8,500.00.

Again, there's no EFC because we're calculating unsubsidized eligibility. For an independent first-year dependent – or for an independent first-year student, the total annual _____ is \$9,500.00. You remember, we're processing Patrick as if he were an independent student because his parents failed the credit check and were denied the PLUS loan. \$9,500.00 in Box J. We take the subsidized loan amount that we have given him, which is \$3,500.00, and subtract that from the \$9,500.00, giving us \$6,000.00. Compare the \$6,000.00 to the amount in Box I, and Patrick can borrow the lesser of those. So, Patrick can borrow up to \$6,000.00 in additional unsubsidized loan above the \$3,500.00 subsidized if his parents were denied a PLUS loan. Okay? Is everybody okay with that?

Okay, let's talk about Master Promissory Note, affectionately known as the MPN. The Department of Education does have the one and only Master Promissory Note for the direct loan program, and because this is a legal obligation for the student to repay, that promissory note must be signed before you can make a disbursement of direct loan funds. Your students go to the studentloans.gov website, the new website now, to sign their prom note, and your school is notified electronically through your SAIG mailbox that the student has signed the promissory note. You'll also find that if you submit the disbursement record to COD, and the prom note is not signed, it's going to come back as a reject, so COD monitors that, as well. The Master Promissory Note does not have a dollar amount printed on it because each student borrows a different amount, and it is for the combination of subsidized and unsubsidized. The promissory notes are good for one academic year at your school. Students must sign a new note every single academic year in order to borrow again.

In the PLUS loan, we have on the new studentloans.gov website, kind of a little mini application area for the PLUS loan, for both the parents and the graduate professional student, and they can also there start their own credit check, so you don't have to send a

record to COD to get the credit check done. The Master Promissory Note is electronic. It's on our website. You may have a student here or there who would prefer to sign a paper promissory note, and if that's the situation, you do have to refer the student to **Common** Origination and Disbursement. COD will mail the student a paper prom note, and it will be the student's responsibility to sign it and mail it back to COD. You do not have to get involved in that process. I don't know nationwide or worldwide how many students we really have that opt for the paper, but I know every once in a while there will be at least one or two students that prefer to have a paper promissory note. Your students may come to you and tell you that the Master Promissory Note is a multiyear note, meaning that they sign it once and it is good for their entire education. That is true in the United States. However, for students attending foreign schools, they must sign a new note every year.

Okay. Prorating annual loan limits. I think this will happen when you have students who graduate early or choose to extend their education beyond the normal timeframe. It is only applicable for undergraduate students. If they are enrolled in a program of study that is longer than an academic year, and they have a final period of study that is less than an academic year, the law says that because they are not in school for the full academic year, the annual loan limit must be prorated, and you take the hours or the credits or the units for which the student is enrolled, divide that by the hours or the credits in your academic year definition for direct loan, and then multiply by the annual loan limit. And you do need to calculate the subsidized and the unsubsidized separately when you're doing the **proration**. So, we do have an example. Charlene is in a degree program that normally takes two years on a semester calendar. She takes two full years, or four semesters, and she still has not graduated. She has 18 credits left to earn, and she's decided that she would like to take all 18 credits in the fall so she can graduate at Christmastime.

So, that fall semester is her final period of study that is less than a year, so we do have to prorate Charlene's eligibility. So, we take the 18 hours that she is enrolled in, and I'm sorry this slide kind of got goofed up. The 18 hours for which she is enrolled in, divided by the 24 hours in the academic year definition, 24 semester credits in an academic year, and we multiply that, since she is a second-year student, by the \$4,500.00 subsidized limit that she has, and we get a maximum for her of \$3,375.00 in subsidized, and we do the same calculation times the \$2,000.00 unsubsidized for the – we're assuming here she's a second-year dependent student, and the most

she can borrow there is \$1,500.00. So, when you fill out your eligibility worksheet, instead of using the loan limit from the chart, you would want to use the prorated limits that you calculated here, because, again, this student is not in school for a full academic year. He or she is graduating or completing the program after a final period of study that is less than a year.

We're talking about loan limits. Someone asked a question at the break, and I think it's worth mentioning. The loan limits are for a full academic year, but it is possible for a student to borrow the full amount in one term, essentially, if your costs are high enough. A gentleman said that the student begins school in the winter or the spring term, did not attend in the fall. You're going to use the cost of attendance for just that spring term, the EFC and the estimated financial aid, but assuming the student has the eligibility, the annual loan limit is available to this student for that one term. You don't have to divide the annual loan limit in half because he's only in school half of the year, or divide the annual loan limit in thirds because he's in school for one quarter out of three. You have to disburse that way, but the eligibility is not determined that way. Okay?

Speaking of annual loan limits, guess who gets to monitor the students' frequency of loan limits? That is you at the school, and you do have a chart in your materials that is entitled Monitoring Annual Loan Limits with an SAY or a BBAY. It's a two-page, back and front. The SAY is the scheduled academic year. For those of you that are term-based, credit hour institutions, or have term-based credit hour programs, it is usually from the beginning of the fall to the end of the winter or spring. If you have a fall and a spring semester, goes from September to May, it's typically the same time on the calendar, maybe September 15 one year, September 18 the next, but it is basically a fixed period of time on your academic calendar. A semester school is typically two semesters. At a quarter school, it is typically three credits, and you monitor the students' eligibility for one annual loan limit based on that scheduled academic year. So, let's look here at a school that is a semester school, or a trimester school.

They have a fall term and a spring term. The student is in a two-year program. They're using the scheduled academic year, so the student begins school in the fall, and the academic year is fall and spring. That is his first SAY, or his first scheduled academic year, and he's eligible for the one annual loan limit for that academic year. Once he completes that academic year, he starts school again the following fall. Assuming that he's increased his grade level,

he's eligible for another annual loan limit at the next grade level. If he has not increased his grade level, he's still eligible to borrow another full annual loan limit, but it would still be at the first-year amount. So, you're tracking every scheduled academic year. For the student the gentleman mentioned at the break that doesn't go to school in the fall but starts in the spring, you can still use the scheduled academic year. You're determining the student's eligibility for spring, however much of that annual loan limit it is, and then again in the fall, he begins a new scheduled academic year and a new annual loan limit.

If you're a quarter institution, then you have three terms in your year and you may have different names for them, other than fall, winter, spring, but again, it's the same thing. Every three terms is a scheduled academic year, and the student may borrow one annual loan limit for that three-term period. He can do it all in one, he can do it all in two, or he can split it between the three, and then, the following fall, he starts his new academic year. We assume here that he's increased his grade level, so the dollar amount goes up. But, again, if it doesn't, he can still borrow a new annual loan limit based on his current grade level. Borrower-based academic year is following the student's enrollment. In the term-based world, it maximizes the student's eligibility to borrow. In a program that is clock hours or not based on terms, and every student's academic year starts with that student's enrollment, it's an individualized way to track the student's borrowing. It moves with the attendance in the program.

Let's look at a clock hour program to begin with, because the BBAY is what these schools must use in order to monitor loan limits. If we have a 1,200 clock hour program that takes 32 weeks to complete, we divide that into our academic year of 900 clock hours and 26 weeks – AYD is academic year definition – and that first academic year of 900 hours and 26 weeks is our first BBAY, or borrower-based academic year. It varies by student because maybe you have class starts every month, so the student whose class starts in November, his BBAY begins in November. The student whose class starts in March, his BBAY begins in March, and it follows the student's enrollment. One annual loan limit for that first BBAY, in the clock hour world, the student cannot borrow for just one payment period. He must borrow for the full academic year, so it's different than the term-based world. And then the second BBAY is a limited portion because the student will complete his or her program after completion of 300 hours or nine weeks.

We would have to prorate that loan because that is the final period of study, which is less than a year, and we did put the proration on the bottom of the slide. He's taking 300 hours in a 900-hour year, and, again, we do the subsidized and the unsubsidized proration separately. In the term-based world, this is how we would maximize the student's eligibility. The student starts out as a brand new student in the fall, and that's your scheduled academic year, fall/spring, and he's eligible for one annual loan limit. He chooses to go to school in the summer and wants to borrow for the summer. If you stick with your scheduled academic year, his eligibility for summer is only what he did not borrow from his annual loan limit in fall/spring. So, if his annual loan limit was \$5,500.00 as a freshman, and he's still a freshman that following summer, there is no loan eligibility left on the scheduled academic year plan. If you use the borrower-based academic year, you start summer as the first term of a new academic year.

The borrower-based academic year contains two terms at a semester school just like the scheduled academic year, and he would be able to borrow another full annual loan limit for summer/fall. And, again, I assumed here that the grade level increased, but had it not, he would be borrowing the same amount as the first year. And then, following this, he gets to the next spring term and spring/summer if he's going to go in the summer, can be his borrower-based academic year, and then fall, he goes back on the scheduled academic year. The only important point to remember on the borrower-based academic year is that the student must be enrolled in the first term of the BBAY. He doesn't have to be loan eligible, but must be enrolled in the first term if you're doing BBAY, whereas in the SAY, the student does not have to be enrolled in that fall term or that fall quarter.

The same thing here with the quarters. This student began in the spring term. The BBAY is three quarters, spring/summer/fall. Maybe we do the full annual loan limit for three terms. If the student chooses not to go to school in the summer, we can do a loan just for spring and then give the student the remainder of that annual loan limit in the fall, and then, when we get to the winter term, we start a new BBAY. And he may only go winter/spring, he doesn't choose to go in summer, so then he could borrow, assuming need and cost of attendance is high enough, the full annual loan limit for that, as well. I think the chart is pretty helpful. It sort of explains it in plain English, and it simplifies it with the boxes, but then, when you look at the words, I think it helps a little bit. Anybody have any questions? Yes?

Question:

[Inaudible comment]

Jamie Malone: Okay. She's asking about a graduate professional student who goes to school for three terms, and three terms is his or her degree program. So, are we semesters or quarters?

Question: [Inaudible comment]

Jamie Malone: Semesters. In that scenario, you kind of have a choice. You can define your academic year as a typical semester school and say that it is two terms, and so, therefore, the student is eligible for one graduate or professional loan limit for the first two semesters, and then the third or final semester, he's eligible to borrow potentially another whole annual loan limit, because grad professional students do not have to be prorated. So, he's finishing up in that final semester, but assuming the cost and the need are high enough, he could borrow another full annual loan limit there. Or, if you wanted to minimize borrowing as opposed to maximize borrowing, you could define your academic year as the full program, which meant that the student could only borrow one loan limit for all three terms.

Question: [Inaudible comment]

Jamie Malone: You really would not be. If everybody starts and ends at the same, it's always fall/winter/spring, or whatever you call it. Yeah, everybody is the same, so you're not really using a BBAY in that scenario. Okay? Anything else? Okay, I'd like to turn it over to my colleague, Joe, and he's going to give you some information on calculating withdrawals.

Joe: Well, I'm really glad that you're here. I had the pleasure of coming to see some of you overseas, and in Canada, also, and I'm glad you've reciprocated our friendship. I'm gonna talk with you a little bit about what to think about in the event that a student, for whom you've already done all of this extra work, right? You've looked at their ISIRS, you've calculated their awards, you've figured out what kind of academic year to apply to them, and they drop out, and so I want to shift your mindset to thinking about the other side of the coin. So, we're gonna talk a little bit about withdrawal requirements. And so we want to think about what it is when a student withdraws. What is a characteristic of a student who withdraws, and we want to think about what kind of actions we'll need to take with respect to a student who does withdraw from your program, and this could involve reporting the student's new enrollment status to the NSLDS. It might involve calculating a return of Title IV funds calculation for a student if the student withdrew during a payment period. It probably will also involve conducting some loan exit counseling, and also contacting the loan

servicer.

So, let's start with the NSLDS. The National Student Loan Data System is a repository of information about student loans and enrollment status. In general, you're gonna have to tell NSLDS about changes to students' enrollment status when they start at your institution. You say, "They've started, and they're gonna be full-time," or part-time. You're also gonna tell us **into** the NSLDS when a student's enrollment status changes from a full-time status to a half-time or less than half-time status, and you'll be prompted to notify the department by an SSCR roster, a student status confirmation report roster, that's sent to your SAIG mailbox to refresh the information for students. You're not required to tell the Department of Education that a student is no longer enrolled if the student is on a scheduled break, say that time period between a holiday or between the semesters. That's not counting as a change in enrollment status.

In general, there are nine NSLDS enrollment status codes. They're listed here. An approved leave of absence is for the purposes of making a decision about a return of Title IV funds calculation. It postpones the requirement if a student is on an approved leave of absence. In general, you can have a policy at your institution to allow a student to take a leave of absence, but that break in the student's attendance might involve a requirement to consider the student as withdrawn, unless the student meets the criteria for an approved leave of absence. There are several criteria, which need to be met for an approved leave of absence. First, your institution needs to have a formal policy allowing a student to apply for and receive an approved leave of absence at your institution. Secondly, the student should have requested the leave of absence pursuant to that policy, and your institution should determine that there's a reasonable expectation that the student will return from that leave of absence, and that your institution approved the student for the leave of absence, according to its policy.

It gets a little bit tricky here because you also have to allow the student to resume the program of study without incurring additional charges from the institution upon returning from that leave of absence, and you have to allow the student to complete the coursework that was begun before the student took that leave of absence. Also, the number of days included in the leave of absence must not exceed 180 days, and that's inclusive of any other leave-of-absence period within a 12-month period. Finally, you'll need to make the student aware of the possible consequences if the student doesn't return from the leave of

absence as expected. In many cases, your institutions won't have policies that would permit you to grant a student an approved leave of absence. You may not allow them to return without incurring additional charges to resume the coursework, but I do want you to be aware of it.

Obviously, deceased is an enrollment status that I don't think needs further explanation, nor full-time. Graduated is a status that involves a student sort of in a way being withdrawn from your institution. They've completed the program of study and, in this case, you would need to report that the student has graduated, and please do that accurately. Don't report them as withdrawn, report them as graduated. You also have to notify those students about their loan repayment obligations later on. If a student changes from a full-time status to a half-time status, you should tell us that. If a student becomes less than half-time enrolled at your institution, tell us about that kind of student. A student might be considered withdrawn from your institution because they've come to your institution and said, "I wish to depart the program permanently," or you might dismiss the student for various reasons. They may not meet your academic progress policy, or they may have done something else to violate the student code of conduct at your institution. So, you would report them as withdrawn if they have been dismissed for a reason that's not graduated or deceased.

Also, if they never show up, you've done the work but they don't show up at your institution, you would tell us that they never attended, or you don't have a record of them. What this diagram does is schematically describe the enrollment reporting process with the NSLDS. At the first stage, the NSLDS is going to add students with loans or other awards to your institution's roster, and it's going to generate the enrollment reporting file for your institution and for that roster to your SAIG mailbox, your Student Aid Internet Gateway mailbox. In the second stage, your institution will receive that file, you'll match the records that are contained on that file with your institution's record concerning enrollment status, updated appropriately, add any new students who are not reflected in the file, and return it to the Department of Education. You'll get a validation process that'll identify any kind of errors that are in the file. For example, if you forward date an enrollment status, it might reject because it wouldn't accept a future date for a current status.

In general, you need to respond to these files within 30 days of its creation. In the third stage, NSLDS is going to receive your file, it

will conduct an edit check on it, and notify you of any errors and acknowledge the receipt of the file, and the fourth stage is your response to those edits, and so it goes. If your institution is delinquent in responding to the file within 30 days, we will notify you within 37 days of the creation of the file that you've missed the required reporting to the NSLDS if you received an enrollment roster file in your SAIG mailbox. This typically will go to an aid administrator _____ go to your institution's president, so it's important that your institution be on top of the file and making sure that it is timely responded to.

Return of Title IV funds requirement. In general, Title IV funds are awarded to students with the expectation that students will complete the entire term for which the funds have been awarded, so we're sort of forward-funding the money to your institution and to the students. Normally, you'll pay the award to the student at the beginning of the term so the student can satisfy the institution's charges, and if there's a balance over and above the institution's charges, have access to the additional credit balance on the account, and the concept here is that the students will earn their loan funds through their attendance at your institution. As students attend, they earn an increasing percentage of the loan funds during the term, and the percentage that's earned is equal to the amount of the time that they attend during the period.

If a student attends more than 60 percent of your academic term, then we consider that the student has earned all of the funds that were disbursed to the student for the payment period. And, for a term-based program – I'm assuming most of you are term-based programs – when calculating the percent of the aid that is earned by the student, you would count the number of days that are scheduled in the academic term period and divide that amount into the number of days that the student actually attended the term period. You would not count only the days of scheduled classes, but you would also count weekend periods in the count of the number of days. However, you would exclude any periods of scheduled breaks of five days or more from your calculation. So, if you have a fall break of six or seven days, you would not count that in either the amount of the scheduled term length, or if the student attended during that period, you would not count the time in that fall break in determining how many days the student attended at your institution.

When calculating the percentage of the term that the student attended, we're going to calculate the percentage out to the second decimal point, and then round up using our general rounding rules,

with one exception, which is determining whether or not the student exceeded 60 percent of the term, _____ the student earned 60 percent. That's a hard number, 60 percent, so if a student attended 60.001 percent, we consider that to be more than 60 percent of the term.

The return of Title IV funds requirements does not involve your institution's refund policy. You might have one. Your refund policy might be, "We don't make a refund to any student," but you might have a policy that says, "If the student attends for the first week, we'll reduce the charges by 80 percent," and if they go to the second week, it's 60 percent, and some kind of schedule along that line. This is totally separate from any institutional refund policy you have on board. Under this policy, your institution and the student share responsibility to return the unearned funds to the Department of Education. In general, the order of the return of funds first goes to the institution, and the institution's responsibility to return funds is calculated based on the amount of the unearned aid times the institutional charges for the period, and if there's any unearned funds beyond that, then the student is required to repay the balance of the unearned funds to the department, but they don't need to pay it all at once. They'll just repay it pursuant to the terms of their promissory note, so your institution will return funds back to the department.

Important to keep in mind here that the student's award was made based on a calculation of need that was calculated in U.S. dollars, and you should use that U.S. dollar amount in your return of Title IV funds calculation. What you should not do is, first, apply your refund policy to reduce your institutional charges and then multiply your institutional charges by the amount of the unearned percentage of aid. What you need to do is figure your **R2T4** calculation based on the original institutional charges that were assessed to the student. Because this is not your institution's refund policy, returning funds to the Department of Education may cause a student to owe you money. Right? That's something you'll need to take up with the student. Now, in some cases, it's possible that a student will have earned more money than he or she actually received by the time of their withdrawal date. In this case, you're able to offer a student a post-withdrawal disbursement up to the amount of the Title IV aid that was actually earned by the student, and this might happen if a student's disbursement was delayed in coming to your institution and then they withdrew. That's one possible scenario.

So, there are possibilities where students might still be entitled to

receive a post-withdrawal disbursement. It's important, though, to know that the post-withdrawal disbursements need to meet the criteria for a late disbursement to a student because your student has withdrawn. In general, a student is eligible for a late disbursement if they withdraw during the first payment period, but they're not eligible for disbursements in second and subsequent payment periods. In order to receive a late disbursement in the second or subsequent payment period, the student will have needed to complete the institution's term for that second disbursement. So, you're only really going to make a post-withdrawal disbursement to a student who is receiving the first disbursement of a loan.

Some key dates to keep in mind while you're doing an R2T4 calculation is the student's withdrawal date, and the withdrawal date is, we hope, the date that the student officially notifies you that they're withdrawing, but sometimes the student won't tell anybody. They'll just melt away, go float away somewhere, and you won't know exactly when the student departed your institution. An indication that a student unofficially withdrew from your institution would be the academic record of the student. If the student obtains all failing grades in all the classes attempted for the term, the presumption is that the student is an unofficial withdrawal. It's a presumption that your institution can rebut by contacting the institution's instructors for that student to determine whether or not the student actually earned all the failing grades, and sometimes that's a possibility, too.

If you're aware of the student's official withdrawal date, well that's really easy. That's the date you'll use for the R2T4 calculation. If you're not aware of the date that the student unofficially stopped attending your institution, you can look back into the institution's records to determine the date that the student last attended an academically related activity, what was the last date an instructor has, an attendance log, what does that say or if they had to submit an examination or some other record evidencing the attendance at the institution, you could look to that, and if you don't have a date that's useable, you would presume a 50 percent point of the academic payment period as the withdrawal date.

A second date to keep in mind is the date that you actually determine that the student did withdraw. That's really easy on the day that a student notifies you officially that they're withdrawing. You know it, and it's the same day. But, in the case where the student melts away, it may take you some time to ascertain that the student has withdrawn, and so you have to keep in mind the date

that you actually make a determination that a student is withdrawn. In general, here the unearned funds need to be returned to the Department of Education as quickly as possible, and not later than 45 days after the date that you've determined that the student has withdrawn from your institution.

Also, if a student is granted an approved leave of absence and they don't return from their approved leave of absence, the withdrawal date would be the date that that approved leave of absence began, and since that can take some days, you can be as many as 180 days, it can be some time after their actual withdrawal date before your institution makes its determination that the student did withdraw. If you have a record that indicates that the student may have withdrawn unofficially because of the grades, you need to make a determination within 30 days of the end of the payment period or the period of enrollment for which the student was attending, or the academic year, if it's different, or if your institution has a different end date for the educational program of the student, you do it from the last day of the educational program. Also, you'd want to offer a post-withdrawal disbursement to a student within 30 days of your determination that the student withdrew.

I'm not going to belabor the calculation. We have very helpful worksheets posted on our IFAP website, which are very easy to follow if you fill in the blanks and you go step-by-step through this template. If you have questions about how the calculation would apply in a hypothetical scenario at your institution, I would encourage you to contact us at the foreign schools Ask-A-Fed booth in the PC lab later on. I want to emphasize here that in order for your institution to be considered financially responsible, you're expected to make these returns of funds on time, and delinquency in making timely returns of funds might result in a requirement for an institution to post a letter of credit, a financial surety, to guarantee the availability of funds in the event of unpaid refunds.

Okay, so now we're still thinking about students who have withdrawn. Students who leave your institution who have borrowed loans will need to have exit counseling. An exit counseling is to remind students of their rights and responsibilities to pay the loans, and provides information and terms to the loans to help students manage their student loan debt. It also helps your institution prevent student loan defaults, and as you know, we measure an institution's cohort default rate annually. It's a snapshot of student repayment over a time period. In general, you have to provide loan counseling shortly after the borrower ceases

to be enrolled at least half-time, and within 30 days of learning that the borrower has become withdrawn, you're going to want to provide the loan counseling either online, in person, or if a student has melted away, send the information to their last known address.

Now, NSLDS has an online loan exit counseling software functionality built in, and I think this is really the optimal solution for every institution because it covers a lot of the loan exit counseling requirements, because your institution is required to review information that was covered during your entrance counseling, and that would have included an urgent reminder that this is a loan obligation that needs to be repaid. It reminds students of the consequences of their default on a student loan, and a reminder that the student is required to repay the loan even if they're unhappy with the education that they provided or if they withdrew prematurely from completing the program, or doesn't end up getting a job in the field where they've studied. The exit counseling should cover the average anticipated monthly loan repayment amount. It should discuss different types of repayment plans that are available to borrowers. It should identify the tax strategies and tax benefits for managing student debt.

You may not be aware, but currently, under U.S. tax law, student loan interest is a deductible amount from a student's tax return, so there is a tax credit in a way for a student. Again, you're gonna remind the student of the consequences of default, and also the availability of the student's loan information on the NSLDS website, where the student will have access to review online. Loan exit counseling should cover loan deferment, loan forbearance and cancellation options. You would tell the student about the federal student aid ombudsman who is an office in the Department of Education who helps students resolve questions about their loans with federal student aid lenders. You would also, during exit counseling, collect the student's most current contact information, and that's important for the next segment, and remind them of the loan consolidation options and their rights and responsibilities, especially their responsibility to repay their loan and to keep their lender up to date with their current whereabouts.

As I mentioned, NSLDS is, I think, the optimal solution. It will, at the first, introduce the student to the existence of this website, which monitors the student loan balance. The completion of exit counseling is tracked if a student uses the NSLDS and your institution has made it aware of when a student does complete NSLDS exit counseling. Furthermore, the guarantee agencies and lenders and the Department of Education also have access to the

information that the student provides during exit counseling. When you do your exit counseling, you're supposed to collect information about the borrower, including their permanent address, address of the next-of-kin, their employer, their driver's license and the state of issuance, if it's available, and you should correct the borrower's records with changes to their Social Security number in the rare instance that that happens, or if they've updated their name – perhaps they've gotten married and they may have changed their surname – and update their references.

And you're supposed to notify this borrower information to the guarantee agencies and the direct loan servicing center within 60 days of your loan exit counseling interview. Well, I have very good news about this, because if a student is using NSLDS on the Web to do their exit counseling, all of this information will be collected from the student and it will automatically be shared with our financial partners, who you would otherwise need to notify. So, starting from December 8, 2010, the Department of Education will automatically distribute the exit counseling completion records to our partners so that you won't have to do this independently.

Finally, I have a few resources here. We're all aware of the IFAP page and we have a special section on IFAP for foreign institutions. There's information on an enrollment reporting guide listed at the link there, and the worksheets for the R2T4 calculations are also referenced on the screen. Finally, I have some resources for you for our Title IV additional servicers and our direct loan servicer. Now, your screen has some phone numbers for overseas numbers, which I recently obtained for each of these servicers, so I'll let you take a moment here to copy them down because they're not in your packet. And for the direct loan servicing center, if you can't read it, it's +1-315-738-6634. For fed loan servicing, the phone number is +1-717-720-1985. For _____, it's +1-303-696-3625. For Great Lakes, +1-608-246-1700. Sorry?

Question: [Inaudible comment]

Joe: Right. That's why I'm reading them.

Question: [Inaudible comment]

Joe: Oh, it's not? This page didn't make it into your material?

Question: [Inaudible comment]

Joe: Oh, I'm sorry. I'll hold this screen up here then, and Sallie Mae, because I didn't read it out, was +1-254-554-4535, and Sallie Mae also has a website where it lists individual country phone numbers, and I'll read that for you, <https://www.salliemae.com/international>. So, Sallie Mae has country-specific phone numbers, also, for you. And with that, I'll have **Greg Martin** come up and I'll allow for any questions here. Greg is gonna lead us through a question and answer session. Has everyone seen the slide? Has everyone copied the information here? And we'll have this information at the Ask-A-Fed booth for foreign schools if you haven't copied it all down, okay?

Greg Martin: Thanks, Joe. Welcome, everybody. It's a pleasure to be here. It's great to see all of you. Some of you I recognize from being in the U.K. and Ireland this summer, and so welcome back, and to everybody else, it's good to have you here in the United States. What we're going to do over the next couple minutes is just have an open question and answer period, so if there's anything that's on your mind, a question you'd like to have answered about any subject, we'll take all questions. We have a number of subject matter experts in the back of the room, and the nice thing about this session is I don't actually have to answer any questions, which is beautiful. They tried to think what could they do with Greg during this session, and they were trying to think of my area of expertise, and they decided being an emcee was probably the best thing for me, so I get to get the questions and then direct them back to the people in the back, who get the pleasure of answering them. Not that I couldn't answer them myself, I could, but that would make them weak, so I won't do that. I'll just sit there and I'll manage to put them all back on them.

I do also want to point out that if you have a question and you feel uncomfortable asking it in front of the group, **David Vector** has some 3x5 index cards, and you can feel free to write your question on there, your name and your email address, and we'll get back to you with an answer to that should you feel uncomfortable bringing it up in front of everybody. If you're going to do that, also put your address, where you live, and when you're going to be home so, when I pass through wherever you live, I can have a place to stay.

[Laughter]

I'm always in awe of people from other countries because they're from other countries, you know? You'll talk to them and they'll be from a certain place, and you say, "Wow, you live right next to whatever." Of course, because they live there, it's rather prosaic

for them. “Have you visited that?” “No. It’s three or four miles from my house, but I don’t bother to go there.” So, it always seems so fascinating when you’re not from that area. I need to have a network of people whose houses I can stay at.

All right, so David is passing out those cards. If you have a question, Dave will be walking around with a microphone and he will give it to you, and if you wouldn’t mind saying where you’re from, your institution and the country you hail from. So, I do hope that people will be forthcoming with questions; otherwise it’ll be kind of awkward for me and everybody else. I was trying to think what would happen if people don’t ask questions and I couldn’t come up with any ideas, so do ask some questions.

Question: Okay. It’s Jackie. York University, Toronto, Canada. I have a number of questions. In the student eligibility section on Page 1-2, Slide 3, you mentioned for academic qualifications the high school is now part of the FAFSA, so the student will select that high school. So, we don’t _____ to check anything, correct? Because I’m assuming all of the high schools will be there.

Greg Martin: You’re asking about the question on the FAFSA where the student indicates –

Question: Their high school.

Greg Martin: – their high school that they graduated from?

Question: So, we don’t have to check that it’s approved or anything?

Greg Martin: And what your responsibilities are regarding that question?

Question: Yeah.

Greg Martin: Okay. We’ll send that to the back of the room. Let me find a likely candidate. I’ll be kind and ask who would like to take that question, before I just assign it to somebody. I was gonna assign it to Jamie, anyway, so Jamie will deal with that.

Jamie Malone: He really is getting off easy, isn’t he? I love it. Okay. Right now, that is true, that there is not going to be a responsibility for the institution to document or validate, or do anything with that high school. But, in the future, maybe next year or the year after, what may happen is schools may be asked to document or validate. I’m thinking, though, that because you are foreign schools that you would be exempt from that requirement, because it would be a verification requirement and you’re currently exempt from those

rules. So, I'm thinking that probably your requirement is nothing to do with that. Does everybody agree with me?

Greg Martin: Okay. Thank you, Jamie.

Question: Okay, on Page 1-4 –

Greg Martin: Oh, she –

Question: – or do you want _____?

Greg Martin: No, you may ask another question. We have quite a bit of time.

Question: Okay. On Page 1-4, your satisfactory progress, Slide 8, your payment period, if we define our payment period as a semester, and we check satisfactory progress after that semester, then we will be allowed to issue the warning to the student. If we wait for the full year – fall/winter/summer – and only check for satisfactory progress after that year, then the student will receive no warning and they will go immediately into a probationary status, where we will then only be able to give them one semester of funding. Now, are you suggesting would it be more beneficial or nice to the student if we change our SAP policy so that we do check them after each semester, then that will give us the opportunity to give them a warning, or heads up so they know that we're gonna kick them out of financial aid?

Greg Martin: Okay, so the question basically is should you change your policy to check for progress after every semester so that you can use the warning, would that be a good idea to do that? Correct?

Question: Yeah, so that we can warn them.

Greg Martin: Okay. That's an excellent question. I'll prevail upon **Kevin Campbell** to address that question for me.

Kevin Campbell: Well, since we're being asked for a recommendation, I would recommend yes, that you do do that to give you that latitude. But, of course, you have to enter into that recommendation knowing that that's going to be more work, obviously, if you're only checking once a year. But, again, as you pointed out, with the once-a-year monitoring, the option of the warning will not be available to you under the new regulations. Keep in mind that what we're talking about here is in the new regulations that were published on October 29 and will be effective for the upcoming award year, that is July 1, 2011.

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- Unknown Male:* And that's not specific to the foreign schools regulatory changes. That's in the general regulatory changes, regulations that were published on October 29.
- Question:* [Inaudible comment]
- Unknown Male:* Oh yes, you still have to adhere to them. They're just not in the foreign schools package. So, if you've downloaded one, you need to download the other one, too, is all I'm saying.
- Question:* I do have more. Okay, so for Selective Service registration, that's Page 1-10, Slide 19, people will not be eligible if they haven't registered for Selective Service. So, we've had this situation where a student did not register for Selective Service, and they just said, "Oh, I was on drugs for ten years, so I didn't register," so we said, "No, you can't get financial aid." They were not happy, but that is, truthfully, our responsibility. We can say, "No, you cannot have financial aid because that is a requirement," Selective Service registration, and so when they say in their nice letters, it's _____, so we could actually say yes? Because the student was extremely upset that we said no, and we did not find that being on drugs satisfied the requirements because it is one of those requirements.
- Greg Martin:* So, the issue is about Selective Service and was the student's failure to register knowing and willful, and the requirement that the school make that determination, basically, right? I could answer that question, I just want everybody know that, but I'm not going to. I'll go back to my experts. I'm the host. I'll give it back to Jamie. You want to take that one?
- Jamie Malone:* ______. Okay. Selective Service requirement is in the law. What we say is that it is up to the school to determine whether the student's failure to register was knowing and willful. I'm pretty conservative on this. Some of my colleagues might not quite be as conservative as I am on this, but I find it hard to believe that a male student, between the ages of 18 and 25, can live in the United States and not know that the law requires them to register for Selective Service because they get it in the high schools, they get it in the libraries, they get it on a sign in the Post Office when they go to mail a letter. Selective Service even sends 18-year-olds birthday cards. There's commercials on TV. I mean it's a constant reminder. But you are going to get the student who's going to tell you that they didn't know, or that they were on drugs for ten years, or whatever the answer is.
- My suggestion would be, for the most part, that they are not eligible, but if you believe that the student's reason is really and

truly valid, and that there really was no knowing and willful attempt to dodge the requirement, you can make an exception to it. If somebody told me that they were on drugs for ten years, I would say, "I'm sorry, but there is no financial aid. You didn't register for Selective Service." If somebody told me that they were incarcerated from the age of 17 to the age of 26, they couldn't have registered because they weren't free to register, so that student I would make an exception for. You really have to look at the individual student circumstance, and again, I would lean toward, "No, I'm sorry. You're not eligible," but the decision really is yours.

Greg Martin: Thank you, Jamie.

Unknown Male: Any more?

Question: I do, but let me just – I'll wait, because –

Unknown Male: We'll take a turn on some other folks and then come back?

Question: Yeah.

Unknown Male: Okay. Over here, and then you.

Question: Hi. I'm **Debbie Mare** from the University of _____, and my question is around the exit counseling. If we use the NSLDS system to do that and the student doesn't respond, what is the institution's responsibility?

Greg Martin: Okay, so the question has to do with NSLDS, with exit counseling. If you go in to use the online exit counseling, the student just, for whatever reason, doesn't go on and do it, what is the schools responsibility where the student fails to complete exit counseling? So, we'll go back to our group of people again. I'll go back to Kevin, all right? _____? Joe, do you want to take that one? No, Kevin will take that. I should have done that one for you, Kevin, but I, you know.

Kevin Campbell: The school would want to document what they've done, and if it's part of your process to send out the information to the student, there's no requirement to send it any type of special way, or anything like that, but to document what it is that you made available to the student and keep that documented that that was, in fact, made available to the student. If they don't, in fact, then go ahead and do it online, they've failed to comply, but you can then demonstrate that you made the information available via another route.

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- Question:* Just clarification on that. If we email them everything – the links for the exit counseling – is that sufficient, rather than actually mailing out the documentation?
- Kevin Campbell:* Well, I'll appeal to my colleagues here to help me to be sure I –
- Unknown Female:* As long as that email didn't get suddenly bumped back to you, so that it was undeliverable. So, if you do get an undeliverable, I'd go ahead and mail it, but if it went through to the student, that's your documentation that you reached out to them to get an exit conference or counseling **taken**. You just keep the documentation in their folder, because that's what an auditor would be looking for, did you reach out to them, did you do what you needed to do.
- Question:* Okay. Thank you.
- Question:* I want to go back to the prorating.
- Greg Martin:* Prorating?
- Question:* Yeah, prorating if they're in –
- Greg Martin:* Loans?
- Question:* – yes, if they're only in one term.
- Greg Martin:* Yes.
- Question:* If they're in one term and the cost of attendance is high enough, can they take the maximum loan amount?
- Greg Martin:* Okay, the question is if they're in – it deals with proration. You actually dealt with two topics there, one is proration, and secondly, if the student is only in one term for that year, if the cost of attendance warrants it, may you give the student 100 percent of the loan limit for that term only? Well, I'll take this one, I guess, since my colleagues are probably back there saying, "Why doesn't Greg answer one of these?" So, I'm gonna answer. So, about that, then, first of all, remember that what Jamie was talking about proration, you're only prorating loans for a period less than academic year, which is a final period of enrollment, right? So, if the student were in – well, we'll just say in his or her second year of studies, and only was going to go the fall semester, or whatever your equivalent to that is – I guess most of you call it that, unless you're Dublin. It's **Hillary** term, or something like that, right? I love those terms. Hillary, and what's the other one, **Nickamus**? Right? Nickamus and Hillary. We should call it over here. It lends ever so much more – I don't know what you want to call it – class to everything,

rather than just fall or spring. If I had been a good enough student to get into one of those schools, _____.

So, you're only going to prorate when you have a final period of enrollment. So, as I said, if the student is coming for the fall term only, you wouldn't be prorating, would you, because that's the fall, or I'll say the sophomore year. It's not a final period of enrollment. So, let's just say that the student is going – it's not a final period of enrollment, so you wouldn't be prorating anything, correct? Could you give the student the full year's loan limit for that term? Yes, you could, assuming the cost of attendance warranted. In the United States, a lot of schools mistakenly believe you have to divide that annual loan limit in half for each term, but you needn't do that. Okay, anybody else? Oh, I'm sorry. I'm staring back here and forgetting about my customers up here.

Question:

Hi. I'm **Kath Collin** from _____ Global Business Payments. We work with _____, well most of the large institutions in the U.K. My question is about return of funds, and when a student doesn't show up and you're expecting them to show up, but you've drawn down the funds for them and ready to give them to them, but then you suddenly realize that they didn't turn up, how long do you have to give the funds back to the Department of Education?

Greg Martin:

Okay, so the situation is you've requested funds or drawn down funds in anticipation of needing to pay a certain number of students who've come. A student doesn't come, so you've now got the cash on hand and you are not going to be disbursing that to the student, obviously, because the student is not there. How long a period of time do you have to return those funds to the department, correct?

Question:

Correct.

Greg Martin:

Okay, I'll go back to my host of experts and ask who would like to entertain that particularly question? Nobody? Jamie will do it.

Jamie Malone:

I carry around my regulations. They're attached to my hip. It talks about the fact that a student who does not begin attendance, you must return all loan funds, and let's see. I'm thinking the institution must return those funds for which it is responsible to the respective Title IV _____ program as soon as possible, but no later than 30 days after the date that the institution becomes aware that the student will not or has not begun attendance. Thirty days on the calendar from when you know that the student is not there or will not be there, but remember that the money that you put in the student's pocket, the money that you gave the student directly

in the loan program, you are not required to return. The only money that you are required to return to direct lending is the money that your school has retained. But if you handed the student money and he or she walked away with it, you don't have that cash so you're not required to return it. You are, however, required to contact direct lending servicing and let them know that the student did not attend and is, therefore, not eligible, has pocketed some money, and they will accelerate and say that the money must be repaid within 30 days.

Greg Martin: Jamie, I was thinking about the scenario where you didn't post an account, you just had the money, you drew in the money, it was in your bank account but you never posted any of it, that would be an excess cash issue, would it not, if –

Jamie Malone: That would be an excess cash issue, but if they could use it within three business days, they'd be okay, right?

Greg Martin: Yeah. In your situation, I failed to ask, did the school post the amounts to the student's account, or was the money not even used at all?

Question: Yeah, they did post it to the student's account but, obviously, I think something happened when they drew down their next group of funds, where they were given less because they had done something in COD that reconciled for them, but it creates _____ reconciliation for the institution because of currency exchange rates, and part of the reason I'm here is to try and help them sort of navigate through that sort of stuff.

Greg Martin: In the example you just gave, where you actually posted to the student's account and used the money, disbursed it, then Jamie's first answer she gave is absolutely right, that you would have the 30 days. Where you never used the money, remember that's an excess cash issue because you can't just have the money sitting there. You have essentially three days to use the money, or else send it back. I mean you can always take money and use it for a different student because direct loan is not student-specific, but I always recommend you send the money back to keep your reconciliation together. That's what I recommended over there, and I will stick by that.

Question: And just as a point of clarification, if the scenario was it's not an R2T4, they don't have to fill in the form, they just send it right back, is that correct?

- Greg Martin:* Yeah. Well, in this situation, remember as Jamie point out in the regulations, the student never began attendance, and remember when Joe was up here talking about R2T4, who does it pertain to? Student who withdrew. You can't withdraw if you never started, so in this case, it's a whole different thing. R2T4 does not apply. You're required to return everything to us, at least up to the amount of money that you credited to the student's account for institutional charges, anything you gave the student for living expenses, because that could happen. You're allowed to disburse prior to the beginning of classes, and many of you do do that, and if they don't show up, you're not responsible for the amount of money you gave the student for living expenses. You are responsible for notifying direct loan that the student received an ineligible disbursement, and they'll accelerate that amount of money. The student will have to pay it back, but you wouldn't be responsible for that amount of money that went directly to the student.
- Question:* Okay. Thank you.
- Unknown Male:* We have a point of clarification upon that question we would like to ask, and then I'm coming over to you.
- Greg Martin:* Okay.
- Question:* Sorry, Greg. _____, University of Birmingham in the U.K. When returning funds relating to students not showing or return of Title IV policy, why do we not get any notification that you've received that money or even _____, because to complete our paperwork, we've sent it back but we don't actually _____ because we're using sort of traditional snail mail.
- Greg Martin:* I'm not sure I understand exactly what you're saying –
- Question:* Okay. We've done the **return for** calculation, **or** we've got a student that hasn't shown, we've followed procedure and we've sent it back to the U.S. Department of Education –
- Greg Martin:* Oh, okay.
- Question:* – and that's where the story ends. Why don't we receive any notification that it's reached the department?
- Greg Martin:* Oh. She's talking about when you return money to the Department of Education, why don't we acknowledge that it's been returned. Because we don't.

[Laughter]

We never have in the past. Jamie, do you want to say something about that?

Unknown Male: Actually, could one of our subject matter experts please take that back as an enhancement or an improvement?

Greg Martin: Does someone want to comment on that?

Unknown Female: *[Inaudible comment]*

Greg Martin: Oh, G5, there is, yes.

Unknown Male: _____ paper.

Greg Martin: _____ send something, yes.

[Crosstalk]

When you do the return in G5, you will get a confirmation. When you go through the G5 screens, you'll get a confirmation of –

Question: You're now asking in the new direct loan system that you've got two separate business – you've got your business case and your financial case. You're not meant to know what's going on in G5 if you're doing COD.

Greg Martin: You can have read-only access to G5 in your area, if they'll give it to you. I mean that is a possibility. I don't see any reason why. Maybe my colleagues might disagree, but there's no reason why you couldn't ask the person at your school in the business office to give you read-only access to G5 to see those screens. Does that sound logical?

Unknown Male: This –

Greg Martin: Oh, yeah. Mr. **Scott**, **Bryon**, back here will chime in here.

Byron Scott: COD will also show that those funds have been received. There's a section in COD just called Refunds, and it'll show when funds have been returned.

Greg Martin: But it's all gonna be on the screens. I mean you were asking about some kind of an email, or some kind of a – you're not gonna get that, but basically just COD. As Byron said, in COD, the acknowledgement on G5, so you'll be able to see that it's accounted for. But there's not gonna be any kind of an email we send you, or something like that, or some kind of a letter. No. I

mean I know it might be nice because it would be something you could retain that says, “Yes, we got it back,” but you should be able to see that when you’re accounting for the funds, both in COD and in G5, but you’d like more than that, obviously.

Question: [Inaudible comment]

Greg Martin: Okay. Anything else?

Unknown Male: Yeah, over here, Greg.

Greg Martin: Yes?

Question: Hi. My name is Irene, and I’m from _____ University in Australia. I’m just asking this on behalf of a colleague. Our medical program in Australia is always the most expensive, and right now, with Australian dollar’s parity with U.S. dollars, we are now seeing students with very high cost of attendance, and _____ loans where the limit is basically the cost of attendance. Say we have a student, a single student, coming for a four-year medical degree, with two dependent children under the age of four, meaning she needs full-time care for the children, the cost of attendance worked out to be over 106,000.00 in U.S. dollars. So, with the graduate program, she is eligible for \$20,500.00 for sub and unsub. Is there a duty of care to say how much they can borrow on the PLUS, because, otherwise, we’ll be awarding over \$86,000.00 in PLUS loans for four years?

Greg Martin: So, basically, what you’re asking is – you’re talking about a very high-cost program, in this case a medical program, and with being able to borrow PLUS loan up to cost of attendance, which is very high, is there any discretion on the part of the school _____ you have, where you could just say, “This is too much. We’re not going to certify a loan for \$86,000.00”? I’ll refer that back to my colleagues in the back. I was gonna say my initial response would be, and maybe my colleagues want to add to this to say, “No, Greg, you’re totally off base here,” but generally speaking, no, there is not any provision. It’s a statutory entitlement, loans are, so we never want to suggest to schools there should be any arbitrary capping of an amount a student can borrow or lowering it, because that’s tantamount to putting into the program an eligibility criteria, and it doesn’t exist. However, we do have in the regulations a provision where you may, on a case-by-case basis, either refuse to certify or reduce the amount of certification, but Jamie, is that for a PLUS loan or is it just for Stafford loans? I can’t recall. The refusing to certify the loan, or reducing – it’s for PLUS, as well, right? That’s what I thought. Okay, I just want to make sure.

So, you could do that. You could, on a case-by-case basis, refuse to certify, in this case, originate. I shouldn't say certify – originate – but it has to be in writing to the student case-by-case basis. That's a very gray area there. I don't know that I think that that necessarily meets the bar. You know, "Why are you refusing to originate my loan?" "Well, because we think you're just borrowing too much. The program is too expensive." But then again, that school set the cost of attendance for that program, so I don't think that necessarily would be a very appropriate use of that provision, but you do have it. You can, on a case-by-case basis, do that. Other than doing that, I am not aware of anything else that you could do, as far as reducing – the school could do. If that's their cost of attendance, the statute says they can borrow up to that amount. Anybody want to add something back here to anything I've said?

Unknown Male: I just want to add one thing, Greg, that comes to mind. I think the school's responsibility for loan counseling might be helpful –

Greg Martin: Very good.

Unknown Male: – to help them realize what they're actually doing and they'll come away with so much debt is probably something that may scare them, as well.

Greg Martin: Yeah, especially looking at that and saying, "You realize, if you're taking this kind of debt, amortizing it out over a number of years, exactly how much you'll have to pay back?" The other thing I think that helps to tell students is, "You do understand that in almost every case, not 100 percent of the time, this amount of money cannot be discharged in bankruptcy, will not be discharged," so they will have this debt hanging over them, and a lot of people mistakenly believe, "Not a big deal. I'll get out of college, I'll get out of school, I'll declare bankruptcy, I'll get rid of it." It's not a car loan. In the United States, our Bankruptcy Reform Act says that student loan debt is essentially non-dischargeable in bankruptcy. So, sometimes, when people are hit with that, you could have \$100,000.00, \$200,000.00, \$300,000.00, \$400,000.00 of debt that will not be dischargeable in bankruptcy. That person might think twice about borrowing more than he or she needs.

Jamie Malone: Greg, one other comment. When we're talking about dependent care, if someone brings you bills for, like here in the United States we have tutor time, you don't necessarily have to add every single dollar of their dependent care expense in. Maybe they've picked a

very expensive daycare center, or a very expensive kindergarten program.

Greg Martin: Good point.

Jamie Malone: You can look at what the average cost should be in that scenario, and not accommodate their full dependent care expense, because remember, adding the dependent care in is your judgment, so you don't have to take their \$50,000.00 daycare bill and put that in there. You can say, "I'm sorry, but I think \$20,000.00 is more reasonable." So, you do have a little bit of latitude there, as well.

Greg Martin: That's a good point, Jamie. We always say that the cost of attendance is to allow a student to live as a student, right? Not to maintain the three-bedroom apartment you had in downtown Sydney when you had a different job. But there are a lot of people that want to do that, especially people going to medical school that may have come from being a physician's assistant and maybe making a good income. I used to know an aid director at a medical school, and she would tell people to take the Starbucks cup and have it refilled at Duncan Donuts every day for .60 cents, if you still want to talk around looking like you have status, even though you don't. As Jamie pointed out, living as a student and saying, "Well, maybe that \$50,000.00 daycare bill is not reasonable," you know? Maybe that's the best daycare, but maybe adequate daycare is less money, and that's something you have to look at at your school on an individual basis.

Unknown Male: Mr. Martin, we had a question handed to me for one of our friends in the foreign schools team. We are coming up for a school eligibility review next year. What will the review involve?

Unknown Male: A lot of the same requirements apply there, some new ones that have come out, but basic requirements. Have you gone up for re-certification before? Has this person, this school?

Unknown Male: No.

Unknown Male: Oh, no, first re-certification. Okay, so the annual submission of compliance audits is one of the big things. Financial statements will be required if you've disbursed over \$500,000.00. Country authorization, legal authorization to teach higher education and award degrees. There's a number of those things, and I think we'll get through some of them in the presentations coming up. So, if there's more specific ones, please come back and talk to me, or there's also the booth downstairs, the Ask-A-Fed booth for foreign schools that you're welcome to ask any question of, as well.

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- Greg Martin:* Thanks, Joe.
- Question:* Morning, Greg. **Shawn**, from the _____ School of Economics. On the issue of citizenship, there are two little problems. One is, in our initial training, we were told that if we made the change to citizenship in CPS, it would feed through, and many of us have found it hasn't. We've actually had to go back into COD and change things again there. Will that problem be resolved? And the second, on citizenship again, is that many schools are very concerned that we, as non-citizens, are making a decision on citizenship based on nothing more than a photocopied emailed through to us because we don't have the student in front of us, and that's then allowing them visa's to go into our countries. Heaven forbid that should be next year's Christmas bomber, but will the department consider taking that responsibility away from non-citizens and taking it back to itself?
- Greg Martin:* Okay, so basically two questions, Shawn. So, we'll start –
- Question:* Yes, one is CPS and the other –
- Greg Martin:* I can see the general feeling here is that the department should, indeed, take that responsibility upon itself. We'll start with the COD issue of making the citizenship change through COD, and I'll refer that one back to I guess _____, or **Cheryl**. Who wants to do it? **Patrick**?
- Bob:* I can take it.
- Greg Martin:* Oh, thanks, Bob.
- Bob:* Can you hear me?
- Greg Martin:* Yes, Bob.
- Bob:* Yeah, that is scheduled to be corrected or fixed in the COD release that's coming in March, release 10.0, is that correct? February 18th, so the workaround will be needed until that time.
- Question:* Thank you.
- Greg Martin:* You wanted to ask another follow-up on that?
- Question:* *[Inaudible comment]*
- Greg Martin:* Here, I'll take it back. Right here, the young lady over here.

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- Question:* Hi. _____. We have students that are Italian and American citizens, who get federal financial aid, and they have Italian addresses. So, it's a foreign address and, currently, COD doesn't take a foreign address so they have to give us U.S. addresses, but it's not their real address. It's the address of someone they know in the states, or something like that. So, are they going to be allowing us to use the foreign address soon, because I would think that the department would want to be able to follow up with the actual borrower instead of someone that they know in the states?
- Greg Martin:* Okay. Bob, did you want to follow up with that one about foreign addresses in COD?
- Bob:* We need to research that. We can find the answer.
- Greg Martin:* Okay, so we're going to –
- Unknown Male:* I'm gonna ask you to write that down for us –
- Question:* No problem. That's just one of our reject things that we get. We had it about four times –
- Unknown Male:* _____ check on it.
- Greg Martin:* Okay. I guess we should deal with the second part of Mr. _____'s question, which dealt with the idea that essentially non-citizens, or all of you, are making determinations about documentation of citizenship that students submit to you.
- Question:* Where we don't even have the student present.
- Greg Martin:* We don't have the student present, and you feel uncomfortable doing that, given your relationship there. Okay, I'll direct that one back here. Is Geneva going to deal with that one? Okay, good.
- Geneva:* We're actually gonna have an open forum tomorrow night with a lot of our policy folks. I think it would be a good opportunity just to bring that up during the open forum, because if we want to change in the future, that's the kind of things we want to talk about tomorrow night. Things that aren't working for you, _____ to bring it up there. But we've already made a note of it here in case it doesn't get brought up tomorrow night, but we definitely want to gather that kind of information and that would take a regulatory change, so that would be something we'd have to change in the future.
- Greg Martin:* I guess just speaking to the normal way of doing things, talking about the whole secondary confirmation thing, you're talking

about a student who fails the CPS match for citizenship, correct? And so they're giving you the documentation as far as your making determination. I'll go out on a limb here. Someone rescue me back there. I don't think the idea of doing it from the perspective of being – I don't want to say foreign _____ because you're not foreign in your country – not being from the United States, right? Is that a big deal, looking at that documentation? The documentation that a student has to submit if they don't pass the primary and secondary confirmation through CPS is in the handbook, and it's pretty well stated in there what they have to have, and I've always said to people, "We don't require you to be an expert in immigration." We don't require that in our own country, as well. So, there can be two situations. The eligible non-citizen. Is that what you're talking about here, an eligible non-citizen, or someone who claims he is a citizen of the United States?

Question: Either.

Greg Martin: Either one? Well, in the case of the eligible non-citizen, then you collect the documentation, and then you would send it to the Department of Homeland Security for the secondary paper confirmation. But the important thing to remember about that is when that documentation comes in, you only do that paper secondary confirmation if the document the student has given you is a document that would be a document to establish eligibility. If they give you – I'm trying to think of the kinds of visas in the United States that don't make someone eligible for Title IV aid. **J-visa**, or something. You get a J-visa, that's all they give you. That clearly does not establish eligibility for Title IV aid, so you wouldn't even bother with a secondary confirmation with that. Look in the handbook. It tells you specifically what documentation a student needs to submit.

If they don't have that, you really are not in a position to entertain stories about, "Well, I'm going to get it in a couple of weeks. My immigration lawyer is working on it." I think your response has to be, "This is what the department has told us you need to have to document citizenship. You don't have one of those documents." If you have a situation where you have problems with a specific student, I think you should probably call someone on the foreign schools team and say, "This is the documentation I have. What do you think about this?" So, that's the way I would answer the question. Now, as for what we might do in the future to change that, as Geneva said, that would probably be best brought up at the forum where you might say, "Could you take on some responsibility for this beyond what you currently do for foreign schools?" Right now, you're right, we don't.

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- Geneva:* Certainly, with the citizen, if you're getting an asterisk or a comment code that says he doesn't meet our matches, that should raise a red flag for you because it's gone through our Social Security Administration and it's not matching the data that we have. So, I think you want to know who's coming to your school, and we're telling you, with that comment, it didn't match what we have, so you may want to look into that further.
- Unknown Male:* We've only got time for one more question, so –
- Greg Martin:* And in the case of a student who is says, "I am a citizen of the United States," but fails the Social Security citizenship match, they have to document that citizenship to you in some way.
- Geneva:* Exactly.
- Greg Martin:* We do have some guidance on that in the handbook, and they just simply have to bring that documentation to you to show you. If they don't, then they don't meet the citizenship requirement because they've failed the match.
- Unknown Male:* Follow-up, and then one last question.
- Greg Martin:* Okay.
- Question:* Just a follow-up. Susana Bloom from Budapest, Hungary, Central European University. Just a follow-up. We've had students receive their citizenship five or six years ago and still received a flag that they are not appearing as citizens, so they were kind of disappointed that I had to ask a copy of their passport, or something like that. And, also, we had some cases when students had dual citizenship, like Canadian-American, and also they were not recognized as citizens for some reason.
- Unknown Male:* We'll take a note of that. Could you put it on a note card and let one of the _____? Okay, last question.
- Greg Martin:* Did you want to say something, Jamie?
- Jamie Malone:* Yeah, I just wanted to throw something out for that one. If a person becomes a naturalized U.S. citizen, chances are our database match is going to fail because the Social Security Administration looks at place of birth to determine citizenship, and if they were not born in the United States, then their place of birth would show that they are not an American citizen. As long as a student can document for you that yes, they are, they have a naturalization certificate, they have a U.S. passport. But there's

really no way that we can fix that because Social Security looks at place of birth and their place of birth is not in the United States.

Unknown Male: Last question.

Question: Kate, from _____ University in Vancouver, and my question is much simpler. NSLDS enrollment status, I need some clarification. In this last batch that I did for the fall term, some of my students were showing up on NSLDS pre-populated inaccurately, for example, half-time when they should have been coded full-time. Why is that happening? And secondly, all my students populated in automatically, but should I be going in and manually enrolling them in NSLDS? Please clarify that operation.

Greg Martin: Okay, so the problem is U.S. students are pre-populating in NSLDS with incorrect enrollment statuses?

Question: _____ incorrect on COD or anything in our file at the institute level.

Greg Martin: But in NSLDS, it has it inappropriately as –

Question: _____ for half –

Greg Martin: – half-time, or whatever?

Question: – _____ and they all came in this round, but based on what I've heard today, should I be going in and actually updating enrollment, like are they all gonna show up or do I have to put them in in NSLDS?

Greg Martin: Okay. So, the question is about enrollment status being reported incorrectly or coming in incorrectly initially, and will the students be there, initially? Anybody want to entertain that?

Unknown Male: Nobody is jumping up to answer that one, but I think I have an idea. Geneva –

Greg Martin: Okay. Yeah, Dave. Do you want to take that one, Dave?

Unknown Male: Well, when you receive the roster and it shows half-time status, well you know that's wrong, so you definitely need to correct that status. As to why it's coming in as half-time as opposed to full-time, which you reported last time, I don't know on that one, and Geneva is going, "I don't know, either." So, we will check on it and see what we can find out for you. Okay?

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- Question:* _____ students _____ going to show up on that roster automatically, or –
- Unknown Male:* Any –
- Question:* – _____ student originated _____ _____?
- Unknown Male:* Okay, the question is do we have to go in and enter them into NSLDS to start? The way our systems are all tied together is when you create an origination record in COD and make a disbursement on it, the information is going to – it's going back and forth between NSLDS and COD. Students you have reported data to us on, our data _____ students will be included on your roster, correct? No?
- Unknown Male:* [Inaudible comment]
- Unknown Male:* Okay, so _____ the servicer is saying to NSLDS, that's what's going to generate it, so then that would – what gets the data over to the servicers?
- Greg Martin:* COD.
- Unknown Male:* [Inaudible comment]
- Unknown Male:* On a weekly basis, so it should be getting updated. If it's not, it probably would be best to visit with one of our COD experts in the back, see if we can find out if there's something happening or some kind of a bump in the road, or something.
- Unknown Female:* [Inaudible comment]
- Unknown Male:* I'm going to try to find out about that before –
- Greg Martin:* I can't figure out why that would be.
- Unknown Male:* Yeah, I don't know why the codes would be coming in incorrectly, either.
- Geneva:* Yeah, and NSLDS is down in the lab, also, so we might be able to get some additional information from them, but the bottom line is when it comes in for enrollment status check, you need to make sure it's right. So, unfortunately, you're seeing that it looks like it's not going in correctly, so we'll need to figure out what that problem is. But before it leaves you, make sure the right enrollment status is in there.

Greg Martin: Okay. We have to move on, but I want to thank you very much for your questions. Any more that you have, you can feel free to write down on the cards and we'll be certain to answer them, or you can see us at the break, or anytime. Thanks for your attention.

[End of Audio]