

#	Subject	Summary of Change to <i>Common Manual</i>	Type of Update	Effective Date
1219	Program Participation Agreement and Voter Registration	<p>4.1.A Establishing Eligibility</p> <p>Permits the school that is required to make a good faith effort to distribute voter registration forms to comply with this requirement electronically.</p>	Federal	Voter registration information distributed by a school on or after August 14, 2008.
1220	Relief from the Consequences of Cohort Default Rates	<p>16.1 Overview of Cohort Default Rates and Terminology</p> <p>16.4 School Official Cohort Default Rates, Adjustments, and Appeals</p> <p>16.4.B School Appeals</p> <p>Removes the exemption for some historically black colleges and universities (HBCUs) and tribally controlled and Navajo community colleges from the loss of FFELP, FDLP, or Federal Pell Grant Program eligibility.</p>	Federal	Official FY 2003 cohort default rates.
1221	Definition of "Institution of Higher Education"	<p>Appendix G</p> <p>Revises the definition of an institution of higher education.</p>	Federal	July 1, 2010.
1222	Loan Funds Delivered to a Student Who Subsequently Drops to Less-Than-Half-Time Enrollment	<p>8.9.C Return of Unearned Loan Funds</p> <p>Clarifies that if a student drops to less-than-half-time status, but is still enrolled, the school does not perform a return of Title IV funds calculation and is not required to return a Stafford or PLUS loan disbursement the school previously delivered when the student was enrolled at least half time.</p>	Correction	Students who drop to less-than-half-time enrollment on or after the publication date of DCL GEN-00-24.

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: October 21, 2010

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with changes/no changes	Oct 21

SUBJECT: Program Participation Agreement and Voter Registration

AFFECTED SECTIONS: 4.1.A Establishing Eligibility

POLICY INFORMATION: 1219/Batch 171

EFFECTIVE DATE/TRIGGER EVENT: Voter registration information distributed by a school on or after August 14, 2008.

BASIS:

§493(a)(1)(A) of the Higher Education Opportunity Act (HEOA), P.L. 110-315; HEA §487(a)(23)(D).

CURRENT POLICY:

Current policy states that a school located in a state that is not covered by section 4(b) of the National Voter Registration Act is required to make a good faith effort to distribute by mail a voter registration form to each enrolled student physically in attendance at the school and to make the forms widely available.

REVISED POLICY:

Revised policy permits the school that is required to make a good faith effort to distribute a voter registration form to each enrolled student to comply with this requirement electronically. The school may also comply with this requirement by electronically transmitting a message to the student that is devoted exclusively to voter registration and contains either of the following:

- A voter registration form acceptable for use in the state in which the school is located.
- An Internet address where such a form can be downloaded.

REASON FOR CHANGE:

This change is necessary to comply with a statutory provision incorporated by the HEOA.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Subsection 4.1.A, page 3, column 1, bullet 2, as follows:

- A school located in a state not covered by section 4(b) of the National Voter Registration Act (commonly known as the Motor Voter Registration Act) ~~is required to~~ must make a good faith effort to distribute a mail voter registration form to each enrolled student physically in attendance at the school and to make the forms widely available. The school must request the voter registration forms from its state 120 days prior to the voter registration deadline. ~~The schools are~~ is not held liable for compliance with this requirement if the state does not provide a sufficient quantity of forms within 60 days prior to the voter registration deadline. This requirement includes elections for a state's governor or other chief executive, or for federal office elections. A school may also comply with this requirement by electronically transmitting a message to the student that is devoted exclusively to voter registration and that contains either of the following:
 - A voter registration form acceptable for use in the state in which the school is located.
 - An Internet address where such a form can be downloaded.
[HEA §487(a)(23)(D); §668.14(d)]

PROPOSED LANGUAGE - COMMON BULLETIN:

Program Participation Agreement and Voter Registration

The *Common Manual* has been updated with statutory provisions incorporated by the Higher Education Opportunity Act. A school located in a state not covered by section 4(b) of the National Voter Registration Act

(commonly known as the Motor Voter Registration Act) must make a good faith effort to distribute a mail voter registration form to each enrolled student physically in attendance at the school and to make the forms widely available. A school may also comply with this requirement by electronically transmitting a message to the student that is devoted exclusively to voter registration and that contains either of the following:

- A voter registration form acceptable for use in the state in which the school is located.
- An Internet address where such a form can be downloaded.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

A borrower who attends a school that is required to make a good faith effort to distribute voter registration forms may be more likely to take note of the opportunity to complete a voter registration form if the school distributes the information electronically.

School:

A school may find it more expedient to distribute voter registration information electronically. A school may find it necessary to update its procedures on this matter. If the school electronically transmits voter registration information, the school's procedures should ensure that the electronic message is devoted exclusively to voter registration.

Lender/Service:

None.

Guarantor:

A guarantor may be required to update its program review procedures, if the schools in the guarantor's service area(s) are not covered by section 4(b) of the National Voter Registration Act.

U.S. Department of Education:

The Department may be required to update its program review procedures for schools that are not covered by section 4(b) of the National Voter Registration Act.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

August 4, 2010

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

October 14, 2010

PROPOSAL DISTRIBUTED TO:

CM Policy Committee
CM Guarantor Designees
Interested Industry Groups and Others
CM Governing Board

Comments Received from:

AES/PHEAA, ASA, EdFund, FAME, Great Lakes, HESAA (NJ), HESC (NY), NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLSA, TG, and USA Funds.

Responses to Comments

All commenters supported this proposal as written. We appreciate the review of all commenters and their careful consideration of this policy.

COMMON MANUAL – FEDERAL POLICY PROPOSAL

Date: October 21, 2010

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with changes/no changes	Oct 21

SUBJECT: Relief from the Consequences of Cohort Default Rates

AFFECTED SECTIONS: 16.1 Overview of Cohort Default Rates and Terminology
16.4 School Official Cohort Default Rates, Adjustments, and Appeals
16.4.B School Appeals

POLICY INFORMATION: 1220/Batch 171

EFFECTIVE DATE/TRIGGER EVENT: Official FY 2003 cohort default rates.

BASIS: §668.198 (removed); *Federal Register* dated October 28, 2009, p. 55651.

CURRENT POLICY:
Current policy provides that some historically black colleges and universities (HBCUs) and tribally controlled and Navajo community colleges, may qualify for an exemption from the loss of FFELP, FDLP, or Federal Pell Grant Program eligibility based on cohort default rates in excess of applicable thresholds.

REVISED POLICY:
Revised policy removes these exemptions.

REASON FOR CHANGE:
This change is necessary to comply with final rules published in the *Federal Register* dated October 28, 2009.

PROPOSED LANGUAGE - COMMON MANUAL:
Revise Section 16.1, page 1, column 1, paragraph 5, as follows:

16.1 Overview of Cohort Default Rates and Terminology

FFELP cohort default rates-and a series of increasingly stringent school requirements and limitation based on those rates-were added to federal regulations in 1989. These provisions were introduced to reduce the overall default rate in federal student loan programs. . . .

. . .

~~Some historically black college and universities (HBCUs) and tribally controlled and Navajo community colleges may qualify for an exemption from the loss of FFELP, FDLP, or Federal Pell Grant Program eligibility based on cohort default rates in excess of applicable thresholds. For more information on these exemptions, contact the Department's Default Management Division. (See Appendix D.)~~

Revise Section 16.4, page 9, column 2, paragraph 3, as follows:

What Official Rates Mean for Schools

If the school's official cohort default rate is excessively high (most recent rate exceeds 40%), the school may lose eligibility to participate in the FFELP or FDLP. If the school's official cohort default rates are persistently high (three most recent rates equal or exceed 25%), the school may lose it eligibility to participate in the FFELP, the FDLP and the Federal Pell Grant Program.

[§668.187(a)(1)]

. . .

~~For HBCUs and tribally controlled and Navajo community colleges, high official cohort default rates may also result in requirements for additional default reduction measures. [§668.187(d); §668.198(a)]~~

Revise Subsection 16.4.B, page 10, column 2, paragraph 1, as follows:

**16.4.B
School Appeals**

Appeal criteria, procedures, and time frames are explained in federal regulations and the *Cohort Default Rate Guide*. Depending on circumstances, a school may appeal for one or more of the following reasons:

- Erroneous data.
- Improper loan servicing or collection.
- Economically disadvantaged population.
- Participation rate index.
- Average rates.
- Thirty or fewer borrowers entering repayment in the three most recent cohort periods.
- ~~HBCU or tribally controlled or Navajo community college exemption. [§668.198; §HEA 435(a)(2)(C)]~~

**PROPOSED LANGUAGE - COMMON BULLETIN:
Relief from the Consequences of Cohort Default Rates**

The *Common Manual* has been revised to conform to a final rule change published in the *Federal Register* dated October 28, 2009. Manual language regarding the exemption for some historically black colleges and universities (HBCUs), and tribally controlled and Navajo community colleges has been deleted. These schools will no longer qualify for an exemption from the loss of FFELP, FDLP, or Federal Pell Grant Program eligibility based on cohort default rates in excess of applicable thresholds.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

A school in one of the previously exempted categories may find it necessary to enhance its default prevention efforts since the school is no longer exempt from the loss of eligibility to participate in certain Title IV programs because of a high cohort default rate.

Lender/Service:

None.

Guarantor:

A guarantor may need to amend its program review procedures.

U.S. Department of Education:

The Department may need to amend its program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

June 12, 2010

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

October 14, 2010

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

CM Governing Board Representatives

Comments Received from:

AES/PHEAA, ASA, EdFund; FAME, Great Lakes, HESAA (NJ); HESC (NY), NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLSA, TG, and USA Funds.

Responses to Comments

Most commenters supported this proposal as written. One commenter recommended a formatting and wordsmithing change that were incorporated without comment. We appreciate the review of all commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

om/edited-kk

COMMON MANUAL - FEDERAL POLICY PROPOSAL

Date: October 21, 2010

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with changes/no changes	Oct 21

SUBJECT: Definition of "Institution of Higher Education"

AFFECTED SECTIONS: Appendix G

POLICY INFORMATION: 1221/Batch 171

EFFECTIVE DATE/TRIGGER EVENT: July 1, 2010.

BASIS:

§101(a)(2) of the Higher Education Opportunity Act (HEOA), P.L. 110-315; HEA §101(a) and (b); §600.4; DCL GEN-08-12.

CURRENT POLICY:

Current policy does not acknowledge all of the conditions under which a school may qualify as an institution of higher education.

REVISED POLICY:

Revised policy acknowledges that an institution of higher education is any one of the following:

- A school that admits as a regular student one who received a secondary education in a home school setting that is treated as a home school or a private school under state law.
- A school that admits as a regular student one who will be dually or concurrently enrolled in a secondary school. A school must not award Title IV funds for postsecondary enrollment to a student who is concurrently enrolled in a secondary school.
- A school that does not offer a bachelor's degree or a two-year degree, but offers a degree that is acceptable toward a graduate or professional degree program, subject to the Department's review and approval.

Manual text has also been modified to more closely align with existing statutory language.

REASON FOR CHANGE:

This change is necessary to incorporate provisions of the HEOA.

PROPOSED LANGUAGE - COMMON MANUAL:

Revise Appendix G, page 13, column 1, paragraph 5, as follows:

Institution of Higher Education (Institution): A school that:

- Is located in a state (see State).
[§600.4(a)(1)]
- Admits as a regular student only a person who ~~has~~ meets any one of the following conditions:
 - Has a certificate of graduation from a secondary school or a recognized equivalent,
[HEA §101(a)(1); §600.4(a)(2)(i) and (ii)]
 - is beyond the age of compulsory school attendance in the state in which the school is physically located and has demonstrated the ability to benefit (see Ability-to-Benefit (ATB)) from the school's education or training program.
[HEA §101(b)(2)(A); §600.4(a)(2)(iii)]

- ~~Has completed a secondary school education in a home school setting that is treated as a home school or private school under state law.~~
[HEA §101(a)(1)]
- ~~Will be dually or concurrently enrolled in the institution and a secondary school. However, a school must not award Title IV aid for postsecondary enrollment to a student who is concurrently enrolled in a secondary school (see Section 5.11).~~
[HEA §101(b)(2)(B)]
- Is legally authorized in each state in which it is physically located to provide a program of education beyond secondary school.
[HEA §101(a)(2); §600.4(a)(3)]
- ~~and provides within that state,~~ Provides any one of the following:
 - ~~A program of postsecondary education that awards an associate, bachelor's, graduate, or professional degree; or provides a program of not less than two years in length that is acceptable for full credit toward such a degree; or provides.~~
[HEA §101(a)(3); §600.4(a)(4)(i)(A) and (B)]
 - ~~At a public or other nonprofit school, a training program of at least one academic year that leads to a certificate, degree, or other recognized credential and prepares students for gainful employment in a recognized occupation.~~
[HEA §101(a)(4) and (b)(1); §600.4(a)(4)(i)(C)]
 - ~~At a school that does not offer a bachelor's degree or a two-year degree, a program that leads to a degree that is acceptable for admission to a graduate or professional degree program, subject to review and approval by the Department.~~
[HEA §101(a)(3); DCL GEN-08-12]
- Is a public or other nonprofit school and is accredited by a nationally recognized accrediting agency or association approved by the ~~U.S. Department of Education~~ for this purpose, or if not so accredited, is a school that the Department determines will meet the accreditation standards of such an agency or association within a reasonable period of time.
[HEA §101(a)(4) and (5); §600.4(a)(5)(i)]

See Participating School and School.

PROPOSED LANGUAGE - COMMON BULLETIN:

Definition of "Institution of Higher Education"

The *Common Manual* has been revised to acknowledge a provision of the Higher Education Opportunity Act that modifies the glossary definition of "institution of higher education." An institution of higher education is any of the following:

- A school that admits as a regular student one who received a secondary education in a home school setting that is treated as a home school or a private school under state law.
- A school that admits as a regular student one who will be dually or concurrently enrolled in a secondary school. However, a school must not award Title IV funds for postsecondary enrollment to a student who is concurrently enrolled in a secondary school.
- A school that does not offer a bachelor's degree or a two-year degree, but offers a degree that is acceptable toward a graduate or professional degree program, subject to the Department's review and approval.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

A school that admits a dually enrolled student as a regular student is no longer subject to adverse action such as a loss of Title IV eligibility. A school that does not offer a bachelor's or two-year degree, but that offers a degree that is acceptable to a graduate or professional degree program, is now considered an institution of higher education.

Lender/Service:

None.

Guarantor:

A guarantor may need to revise program review procedures.

U.S. Department of Education:

The Department may find it necessary to establish an approval process for a school that does not offer a bachelor's or two-year degree, but that offers a degree that is acceptable to a graduate or professional degree program. The Department may need to revise program review procedures.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

September 16, 2008

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

October 14, 2010

PROPOSAL DISTRIBUTED TO:

CM Policy Committee
CM Guarantor Designees
Interested Industry Groups and Others
CM Governing Board Representatives

Comments Received from:

AES/PHEAA, ASA, EdFund; FAME, Great Lakes, HESAA (NJ); HESC (NY), NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCCLC, SLSA, TG, and USA Funds.

Responses to Comments

Many commenters supported this proposal as written. A few commenters recommended formatting and wordsmithing changes that were incorporated without comment. We appreciate the review of all commenters, their careful consideration of this policy, and their assistance in crafting clear, concise policy statements.

COMMENT:

One commenter recommended that the Committee include regulatory citations (i.e., §§600.4 and 600.5) that support the definition of an institution of higher education and a proprietary institution of higher education. The same commenter also stated that the policy proposal includes proprietary schools under the definition of "institution of higher education" but does not include all of the statutory or regulatory requirements for a proprietary institution of higher education, e.g., compliance with the 90/10 rule and prior existence for at least 2 years. Thus, the commenter opined, the revised definition is incomplete as it relates to a proprietary institution of higher education.

Response:

The Committee agrees. Upon further reflection and research, the Committee notes that the Manual uses the

term “institution of higher education” in a generic sense, synonymous with the term “school,” and that while the Manual uses the terms “proprietary institution of higher education” and “proprietary school,” neither are defined. The Committee believes that the existing definition of “institution of higher education” should be confined to the characteristics of such a school as defined in HEA §101 and §600.4 of the regulations. Separately, the Committee will consider additional policy proposal development to standardize the use of the terms that refer to various types of eligible schools and incorporate additional definitions as necessary.

Change:

In the glossary definition of “institution of higher education,” bullet 4, subbullet 3 has been deleted, as follows:

- Provides any one of the following:
 - = A program that awards an associate, bachelor’s, graduate, or professional degree; or provides a program of not less than two years in length that is acceptable for full credit toward such a degree.
 - = At a public or other nonprofit school, a training program of at least one academic year that leads to a certificate, degree, or other recognized credential and prepares students for gainful employment in a recognized occupation.
[HEA §101(a)(4) and (b)(1)]
 - ~~— At a proprietary school, a training program that leads to a certificate, degree, or other recognized credential and prepares students for gainful employment in a recognized occupation.
[HEA §102(b)(1)(A)(i)]~~
 - = At a school that does not offer a bachelor’s degree or a two-year degree, a program that leads to a degree that is acceptable for admission to a graduate or professional degree program, subject to review and approval by the Department.
[HEA §101(a)(3); DCL GEN-08-12]

In addition, HEA §102 has been removed from the Basis and replaced with §600.4. Appropriate citations from §600.4 have been added to proposal policy text.

jcs/edited-ch/kk

COMMON MANUAL - CORRECTION POLICY PROPOSAL

Date: October 21, 2010

	DRAFT	Comments Due	
	FINAL	Consider at GB meeting	
X	APPROVED	with changes/no changes	Oct 21

SUBJECT: **Loan Funds Delivered to a Student Who Subsequently Drops to Less-Than-Half-Time Enrollment**

AFFECTED SECTIONS: **8.9.C Return of Unearned Loan Funds**

POLICY INFORMATION: **1222/Batch 171**

EFFECTIVE DATE/TRIGGER EVENT: Students who drop to less-than-half-time enrollment on or after the publication date of DCL GEN-00-24.

BASIS:
DCL GEN-00-24.

CURRENT POLICY:
Current policy states that if a student drops to less-than-half-time status, but is still enrolled, the school does not perform a return of Title IV funds calculation.

REVISED POLICY:
Revised policy clarifies that if a student drops to less-than-half-time status, but is still enrolled, the school does not perform a return of Title IV funds calculation and is not required to return a Stafford or PLUS loan disbursement the school previously delivered when the student was enrolled at least half time.

REASON FOR CHANGE:
This change is necessary to align Subsection 8.9.C of the Manual with similar text already found in Section 9.4 for a student who drops to less-than-half-time enrollment in a credit-hour program that is offered in modules.

PROPOSED LANGUAGE - COMMON MANUAL:
Revise Subsection 8.9.C, page 21, column 2, paragraph 1, as follows:

8.9.C Return of Unearned Loan Funds

If the student registers but officially or unofficially withdraws, takes an unapproved leave of absence, does not return from an approved leave of absence, or is expelled, the school must perform the return of Title IV funds calculation and return to the lender that portion of unearned Title IV funds for which the school is responsible and that is allocable to a FFELP loan. The funds must be returned no later than 45 days from the date the school determines that the student has withdrawn. In the case of an approved leave of absence, the funds must be returned to the lender within 45 days of the date the leave of absence ended or within 45 days of the date the student notified the school that he or she would not be returning, whichever is earlier. For more information on determining the date of withdrawal, see Section 9.4.

If the student drops to less-than-half-time status, but is still enrolled, the school does not perform a return of Title IV funds calculation and is not required to return a Stafford or PLUS loan disbursement that the school delivered when the student was enrolled at least half time. For more information on determining the date of withdrawal, see Section 9.4.
[HEA §484B(b)(1); ~~DCL GEN-06-05~~; §668.22(j); §668.22(l)(3)(iii); §682.607(c); ~~DCL GEN-06-05~~; DCL GEN-00-24; 09-10 FSA Handbook, Volume 5, Chapter 2, p. 5-75]

PROPOSED LANGUAGE - COMMON BULLETIN:
Loan Funds Delivered to a Student Who Subsequently Drops to Less-Than-Half-Time Enrollment
The *Common Manual* has been revised to clarify that, in the case of a student that drops to less-than-half-time status, but is still enrolled, the school does not perform a return of Title IV funds calculation and is not required to return a Stafford or PLUS loan disbursement that the school delivered when the student was enrolled at least half time.

GUARANTOR COMMENTS:

None.

IMPLICATIONS:

Borrower:

None.

School:

None.

Lender/Servicer:

None.

Guarantor:

None.

U.S. Department of Education:

None.

To be completed by the Policy Committee

POLICY CHANGE PROPOSED BY:

CM Policy Committee

DATE SUBMITTED TO CM POLICY COMMITTEE:

August 3, 2010

DATE SUBMITTED TO CM GOVERNING BOARD FOR APPROVAL:

October 14, 2010

PROPOSAL DISTRIBUTED TO:

CM Policy Committee

CM Guarantor Designees

Interested Industry Groups and Others

CM Governing Board

Comments Received from:

AES/PHEAA, ASA, EdFund, FAME, Great Lakes, HESAA (NJ), HESC (NY), NASFAA, NCHELP, NSLP, OGSLP, PPSV, SCSLC, SLSA, TG, and USA Funds.

Responses to Comments

Many commenters supported this proposal as written. We appreciate the review of all commenters and their careful consideration of this policy.

COMMENT:

One commenter recommended the following revision in paragraph 2 of the proposed policy text:

If the student drops to less-than-half-time status, but is still enrolled, the school does not perform a return of Title IV funds calculation and is not required to return a Stafford or PLUS loan disbursement that the school delivered when the student was ~~enrolled~~ attending at least half-time.

The commenter stated that, as written, the proposed policy language conflicts with existing *Common Manual* policy in Sections 8.9 and Subsection 8.9.B.

Response:

The first paragraph of Section 8.9 and the entirety of Subsection 8.9.B discuss a scenario in which a student who is initially enrolled at least half time never begins attendance at all in a loan period or payment period. The Committee believes that the proposed policy text addresses a different scenario in which the school has already confirmed that the student began attendance and therefore qualified for a delivery of loan funds. Subsequently, the student reduces his or her enrollment status to less than half time. The Committee has

endeavored to word the proposed policy text in such a way that it is accurate in all possible scenarios. In a scenario in which a student enrolls in a modular program comprised of consecutive sessions within a term or payment period, the school is permitted to make a delivery of loan funds based on the student's cumulative, at least half-time *enrollment* in all sessions within the term or payment period, even though the student may not technically begin attendance on a half-time basis until the commencement of a subsequent module in which the student has enrolled. For these reasons, the Committee declines the commenter's requested change.

Change:

None.

jcs/edited-ch/kk