

Providing Consumer Information

This chapter describes the requirements for the consumer information that a school must provide to students, the Department, and others as well as a summary of the effects of misrepresentation of school information on a school's Federal Student Aid (FSA) participation.

Each year a school must provide to enrolled students a notice containing a list of the consumer information it must disseminate, and the procedures for obtaining this consumer information. **Schools must provide this notice through a one-on-one distribution.**

Schools must also provide a notice (though not an individual notice) of student rights under the Family Educational Rights and Privacy Act (FERPA). (See Chapter 9 for more information about FERPA; see sidebar note for sample notice on the Web.)

The student consumer information requirements are described in Subpart D of the General Provisions (668.41-48).

Those requirements include—

- Financial assistance information and information about the school's academic programs and policies,
- Information on graduation or completion rates, and
- Information about the school's security policies and crime statistics report.

Coeducational schools that have intercollegiate athletic programs are also required to provide information on athletic program participation rates and financial support for those programs. If a school offers athletically-related aid, it must also provide information on graduation or completion rates for its student athletes.

In addition to the information required under the consumer information regulations, schools must distribute drug and alcohol abuse prevention materials, and ensure that students who are borrowing under the FSA loan programs have received appropriate counseling regarding their loan obligation and repayment options.

These requirements are discussed in more detail in the remainder of this chapter. In some cases, a school is only required to make information available upon request, while in others the school must directly distribute the required information. You can find a chart summarizing the consumer information requirements at the end of this chapter.

CHAPTER 6 HIGHLIGHTS

- Basic consumer information requirements
 - financial aid information
 - general information about the school
 - consumer information from ED
- Graduation & completion rates on IPEDS (Student Right-to-Know)
- Athletic participation data (Equity in Athletics)
- Loan counseling
- Drug & alcohol abuse prevention
- Misrepresentation
- Campus security (Clery Act)

Consumer information cites

HEA Sec. 485(f)
20 U.S.C. 1092
34 CFR 668.41-48

Assessing your school's compliance

To assess or school's compliance with the provisions of this chapter, see the FSA Assessment module for "Consumer Information," at

www.ifap.ed.gov/qahome/qaassessments/consumerinformation.html

Sample notice of FERPA rights

You can find a sample notification at ED's FERPA Web site

www.ed.gov/policy/gen/guid/fpco/ferpa/ps-officials.html

Definitions for basic consumer information

34 CFR 668.41(a)
34 CFR 668.47(b)

Basic information includes

Financial assistance information pursuant to 34 CFR 668.42, and
Institutional information pursuant to 34 CFR 668.43
Individual Notice Required

Civil penalty

In addition to limiting, suspending, or terminating the participation of any school that fails to comply with the consumer information requirements, the Department may impose civil fines of up to \$27,500 for each violation.

Civil penalty cite
Sec. 487(c)(3)(B) of the HEA

BASIC CONSUMER INFORMATION REQUIREMENTS

The regulations list basic information about the school and about financial aid that must be available to enrolled and prospective students. If necessary, the information listed below must be provided by your school. However, much of the required information may already be available in brochures and handouts routinely disseminated by the school or in federal publications such as *Funding Your Education Beyond High School*.

Financial aid information

At a minimum, the following information must be provided about financial assistance available at a school:

- the need-based and non-need-based federal financial aid that is available to students;
- the need-based and non-need-based state and local aid programs, school aid programs, and other private aid programs that are available;
- how students apply for aid and how eligibility is determined;
- how the school distributes aid among students;
- the rights and responsibilities of students receiving aid;
- how and when financial aid will be disbursed;
- the terms and conditions of any employment that is part of the financial aid package;
- the terms of, the schedules for, and the necessity of loan repayment and required loan exit counseling; and
- the criteria for measuring satisfactory academic progress, and how a student who has failed to maintain satisfactory progress may reestablish eligibility for federal financial aid.

General information about the school

The school must provide the following minimum information about itself:

- the names of associations, agencies, and/or governmental bodies that accredit, approve, or license the school and its programs, and the procedures by which a student may receive a copy for review of the school's accreditation, licensure, or approval;
- the special facilities and services available to disabled students;
- the costs of attending the school (tuition and fees, books and supplies, room and board, and applicable transportation costs, such as commuting) and any additional costs of the program in which the student is enrolled or has expressed an interest;
- a statement of the requirements for the return of FSA

program funds when a student withdraws from school, information about any refund policy with which the school must comply, and the requirements for officially withdrawing from the school (For more information about the Return of Federal Student aid, see *Volume 5, Chapter 2.*);

- the degree programs, training, and other education offered;
- the availability of a GED program, if the school admits students who do not have a high school diploma or equivalent;
- the instructional, laboratory, and other physical plant facilities associated with the academic programs;
- a list of the faculty and other instructional personnel;
- whom to contact for information on student financial assistance and who for general school issues;
- the terms and conditions under which students receiving federal education loans may obtain deferments; and
- information regarding the availability of FSA program funds for study abroad programs.

The school must have someone available during normal operating hours to help persons obtain consumer information. One full-time employee or several persons may be assigned so that someone is always available (with reasonable notice) to assist enrolled or prospective students and their families. Existing personnel may satisfy this requirement. A school may request a waiver of this requirement if it can demonstrate that a waiver is appropriate. A school should contact their School Participation Team for more information. (See the “Contacts” link on the Financial Aid Professionals portal <fsa4schools.ed.gov.>)

Consumer information from the Department

The Department is required to make available to schools, lenders, and secondary schools descriptions of the FSA programs in order to assist students in gaining information through school sources, and to assist schools in carrying out the FSA program requirements.

We provide information to students and their families through the Student Aid on the Web site and publications such as *Funding Your Education Beyond High School*. Colleges and high schools may order bulk quantities of *Funding Your Education* and other publications for students and borrowers by using our FSAPubs.org web site.

We provide information to financial aid professionals through this *Handbook* and the our Web pages for Financial Aid Professionals <fsa4schools.ed.gov> and Information for Financial Aid Professionals <ifap.ed.gov>.

Explaining verification requirements

A school must give applicants selected for verification a written statement explaining

1. Documents required for verification,
2. Student responsibilities—including correction procedures, deadlines for completing any actions required, and the consequences of missing the deadlines.
3. Notification methods—how your school will notify students if their awards change as a result of verification, and the time frame for such notification.

cite 34 CFR 668.53

Consumer information from the Department

Student Aid on the Web

studentaid.ed.gov

Financial Aid Professionals

fsa4schools.ed.gov

FSA Pubs

Colleges and high schools may order bulk quantities of student/borrower publications such as *Funding Your Education Beyond High School* from the FSAPubs.org Web site. www.FSAPubs.org

Statutory requirement:
Sec. 485 of the HEA

Student Right-to-Know cite

Sec. 485(a) of the HEA
34 CFR 668.45

Student information vs. reporting to ED

Schools should not confuse the requirements and methodologies for providing information to students and other consumers with the requirement for reporting similar information to the Department.

Disseminating completion/graduation rates

Schools must disseminate the information on completion or graduation and, if applicable, transfer-out rates to enrolled and prospective students upon request, through appropriate publications, mailings, or electronic media (for example, school catalogs or admissions literature). Schools are strongly encouraged to provide this information to other interested parties, such as guidance counselors, upon request

Note that your school's graduation rates are also displayed on the IPEDS COOL site:

<http://nces.ed.gov/ipeds/cool>

Reporting rates to IPEDS

The graduation and completion rates are reported through the Web survey site for the Department's Integrated Postsecondary Education Data System (IPEDS).

Survey forms, instructions, FAQs, worksheets, and other information are posted at:

nces.ed.gov/ipeds/web2000/springdataitems.asp

Information can only be reported to this system by the school's designated "keyholder." Schools may change keyholders at any time during the year by contacting:

Jan Plotczuk
202-502-7459
IPEDS Universe Coordinator
Rm. 8122 1990
K Street NW
Washington DC 20006

GRADUATION & COMPLETION RATES (STUDENT RIGHT-TO-KNOW DISCLOSURES)

Student Right-to-Know disclosures must be made by July 1 of each year (see chart at the end of this chapter).

The Student Right-to-Know Act requires schools to disclose:

1. Completion or graduation rates and, if applicable, transfer-out rates for a specific cohort of the general student body. This cohort is of certificate- or degree-seeking, full-time, first-time undergraduate students.
2. For schools that offer athletically related student aid, completion or graduation rates and, if applicable, transfer-out rates of students receiving athletically related student aid, if the school offers athletic aid.

The school must provide student athlete graduation rate information to potential student athletes, their parents, and their high school coaches and guidance counselors upon making an offer of athletic aid.

Schools must make available, to prospective students, no later than July 1, 2007, the rates for the cohort for which the 150% of the normal time for completion elapsed between September 1, 2005 and August 31, 2006.

A school such as a community college is required to calculate and disclose its transfer-out rates only if it determines that its mission includes providing substantial preparation for its students to enroll in another eligible school (such as an eligible four-year school).

In addition to calculating the completion or graduation rates described above, a school **may, but is not required** to calculate:

1. A completion or graduation rate for students who transfer into the school;
2. A completion or graduation rate and transfer-out rate for the students described as exclusions to the requirements in this section.
3. A transfer-out rate (required only if preparing students for transfer is part of the school's stated or implied mission).

However, note that the rates produced by these optional calculations cannot be reported to the IPEDS survey site.

NCES, IPEDS, and Student-Right-to-Know information

Though in some cases the dates by which schools must make consumer and safety information available to students, parents, and high school counselors and coaches are based on the dates by which schools must report that information to the Department, the regulatory requirements are separate. The disclosure requirements arise from the Student-Right-to-Know and Campus Security/Clery Act and the Equity in Athletics Disclosure Act. Schools report similar information to the Department when they fulfill the requirement that they participate in the annual Integrated Postsecondary Education Data System (IPEDS) Survey conducted by the National Center for Education Statistics (NCES).

The NCES survey program at the postsecondary education level provides statistical information used by planners, policy makers, and educators in addressing multiple issues. One major source of this information is the annual Integrated Postsecondary Education Data System (IPEDS) Survey.

The IPEDS system, established as the core postsecondary education data collection program for NCES, is a system of surveys designed to collect data from all primary providers of postsecondary education. The IPEDS system is built around a series of interrelated surveys that collect school-level data in such areas as – school characteristics, enrollments, program completions, staffing patterns, faculty salaries, finances, and financial aid.

Information on NCES and IPEDS is available at

<http://www.nces.ed.gov/IPEDS>

Reporting completion or graduation and transfer-out rates to the Department

To calculate completion or graduation and transfer-out rates, a school must identify a group of students each year (a cohort) and review the performance of that cohort over time to determine the percentage of those students who complete their programs or transfer out of the school. The same snapshot approach is used to determine rates for both the general student body cohort and those rates related to students receiving athletically related student aid.

Your school must report its completion or graduation rates every spring to the Department through the IPEDS Web site (see sidebar).

Disclosing and reporting information on completion or graduation rates for the general student body cohort

The information on completion, graduation rates and, if applicable, transfer-out rates must be made available by the July 1 immediately following the 12-month period ending August 31 during which the expiration of 150% of normal time took place for the group of students on which the school bases its completion and transfer-out rate calculation.

IPEDS/GRS Deadline

The deadline for the Graduation Rate Survey on the IPEDS site also applies to schools that don't offer athletically related student aid.

Waivers

The regulations provide for waiving the disclosure of completion or graduation rate and transfer-out rate calculations (to coaches and guidance counselors only) for the general student body cohort and for athletic data for any school that is a member of an athletic association or conference that has voluntarily published (or will publish) completion or graduation-rate data that the Department determines are substantially comparable to the data required by the regulations.

The NCAA may distribute graduation rate information to all secondary schools in the United States to satisfy the distribution requirements for prospective student athletes' guidance counselors and coaches. This does not relieve the school of its obligation to provide the information to the prospective student athletes and their parents.

The Department will continue to work with interested agencies to help them develop standards that meet these requirements. If in the future the Department determines that another agency's requirements meet the standards of the Student Right-to-Know Act, the Department will inform schools that those rates may be used to satisfy the Student Right-to-Know disclosure requirements.

34 CFR 668.45(e)(1)

Reporting to parents

In cases of separation or divorce, if it is difficult to locate both parents, it is acceptable to provide the required information solely to the parent who acts as the student's guardian.

Schools must disseminate the information on completion or graduation and, if applicable, transfer-out rates to enrolled and prospective students upon request, through appropriate publications, mailings, or electronic media (for example, school catalogs or admissions literature). Schools are strongly encouraged to provide this information to other interested parties, such as guidance counselors, upon request.

Reporting completion/graduation rates for student athletes

Schools that participate in an FSA program and offer athletically related student aid must use the IPEDS Web survey to provide information on completion or graduation rates, transfer-out rates, if applicable, and other statistics for students who receive athletically related student aid to potential student athletes, and to their parents, high school coaches, and guidance counselors.

The definition of athletically related student aid used here and discussed earlier in this chapter is the same definition that is also used for the Equity in Athletics Disclosure Act (EADA) disclosure requirements (as discussed in the next section). The definitions of certificate- or degree-seeking students, first-time undergraduate students, undergraduate students, and normal time are the same as those used for the calculation of completion or graduation and transfer-out rates for a school's general student body cohort (also discussed above).

In addition to the completion rates and transfer-out rates, schools must report

- the number of students, categorized by race and gender, who attended the school during the year prior to the submission of the report, and
- within each sport—the number of those attendees who received athletically related student aid, categorized by race and gender.

Disclosing the rates for student athletes

A school must also provide the report to each prospective student athlete and his or her parents, coaches, and counselor when an offer of athletically related student aid is made to the prospective student athlete.

Schools are not required to provide completion rate information for students who entered before the 1996-1997 academic year. However, if a school has data on students entering prior to the 1996-1997 academic year (as the result of NCAA requirements, for example), the school should report these data in the four-year averages.

Schools that are not yet reporting completion or graduation rates or, if applicable, transfer-out rates because they do not have the

necessary data must still disclose the additional data regarding the number of students who attended the previous year, categorized by race and gender, and the number who attended the previous year and who received athletically related student aid, categorized by race and gender within each sport.

There is a *de minimus* exception to the disclosure requirements for the completion or graduation rates or, if applicable, the transfer-out rates of student athletes. Schools with five or fewer student athletes need not disclose their rates.

Reporting the rates for student athletes

The rates for student athletes must be completed and submitted to the Department together with other Student-Right-to-Know data by the Graduation Rate Survey (GRS) deadline.

Supplemental information

Schools may provide additional information to place their completion or transfer-out rates for both the general student body and those related to athletically related student aid in context. For example, a small school's completion rate may vary greatly from year to year because the school's calculations use a very small cohort. The school may wish to provide prior year's data and an explanation of factors affecting the completion rate.

Equity in Athletics Disclosure Act (EADA)

Equity in Athletics Disclosure Act (EADA) of 1994
Section 485(e) and (g) of the Higher Education Act of 1965
20 U.S.C. 1092
34 CFR 668.47

EADA on the Web

Schools report their EADA data on the Web at the Athletic Disclosure Web Site:

<http://surveys.ope.ed.gov/athletics>

Note that a password and user ID are required for use of this Web site. They are sent by the Department to the chief administrator at the school. For help with this site, contact: eadahelp@westat.com

Prospective students, their families, and the public can view the EADA reports for participating schools on the Web at:

<http://ope.ed.gov/athletics/>

USED's responsibilities

The Department has to ensure that the individual school reports are made available to the public within a reasonable period of time.

EQUITY IN ATHLETICS (PARTICIPATION RATES & SUPPORT FOR ATHLETIC PROGRAMS)

The Equity in Athletics Disclosure Act (EADA) is intended to make prospective students aware of a school's commitment to providing equitable athletic opportunities for its men and women students.

Any coeducational institution of higher education that participates in an FSA program and has an intercollegiate athletic program must prepare an annual EADA report. The report contains participation rates, financial support, and other information on men's and women's intercollegiate athletic programs. Officially, it is *The Report on Athletic Program Participation Rates and Financial Support Data*. It is referred to as the EADA Report:

Disclosure of the report

The EADA requires schools to publish this report by October 15 and make it available upon request to students, prospective students, and the public in easily accessible places. For example, a school may make copies of the report physically available in intercollegiate athletic offices, admissions offices, or libraries, or by providing a copy to every student in his or her electronic mailbox.

The EADA Report must be summarized, and its availability described in the **one-on-one disclosure** to all students and prospective students required of the school.

A school must provide the report promptly to anyone who requests the information. For example, a school may not refuse to provide a copy of the report to the news media, and the school may not require an individual requesting the information to come to the school to view the report. A school may not charge a fee for the information.

Schools must submit their Equity in Athletics reports to the Department via the Athletic Disclosure website annually within 15 days of making them available to students, prospective students, and the public.

Contents of the Equity in Athletics/EADA Report

A school must first designate its reporting year. A reporting year may be any consecutive 12-month period of time. For its designated reporting year, a school must report:

1. the number of male and female full-time undergraduate students that attended the school (undergraduate students are those who are consistently designated as such by the school);
2. the total amount of money spent on athletically related student aid (including the value of waivers of educational expenses aggregately) for: (a) men's teams and (b) women's teams;
3. the ratio of athletically related student aid awarded to male athletes to athletically related student aid awarded to female athletes (see the definition of athletically related student aid under Definitions);
4. the expenses incurred by the school for—
 - all sports,
 - football,
 - men's basketball,
 - women's basketball,
 - all other men's sports except football and basketball, and
 - all other women's sports except basketball

Expenses not attributable to a particular sport, such as general and administrative overhead, must be included only in the total expenses for all sports.

A school also may report those expenses on a per capita basis for each team and may report combined expenditures attributable to closely related teams, such as track and field or swimming and diving. Those combinations must be reported separately for men's and women's teams.

5. total recruiting expenses aggregately for (a) all men's teams and (b) all women's teams—
6. total annual revenues for— (a) all sports combined, (b) all men's teams, (c) all women's teams, (d) football, (e) men's basketball, (f) women's basketball, (g) all men's sports other than football and basketball, and (h) all women's sports other than basketball;
7. in its total revenues and men's or women's combined revenues, as applicable – revenues not attributable to a particular sport such as untargeted alumni contributions to athletics, investment income, and student activities fees;

8. individually by team or by average—
 - a. the annual school salary of non-volunteer head coaches for all offered sports of (1) men's teams and (2) women's teams—this must include the number of persons and full-time equivalent positions used to calculate each average;
 - b. the annual school salary of non-volunteer assistant coaches for all offered sports of (1) men's teams and (2) women's teams. This must include the number of persons and full-time equivalent positions used to calculate each average;

If a coach had responsibility for more than one team and a school does not allocate that coach's salary by team, the school must divide the salary by the number of teams for which the coach had responsibility and allocate the salary among the teams on a basis consistent with the coach's responsibilities for the different teams.

9. a listing of the varsity teams that competed in intercollegiate athletic competition and for each team, the following data—
 - a. total number of participants as of the day of the first scheduled contest of the reporting year for the team, number of those who participated on more than one varsity team, and number of other varsity teams on which they participated;
 - b. total operating expenses (expenditures on lodging and meals, transportation, officials, uniforms, and equipment) attributable to the team;
 - c. whether the head coach was male or female, was assigned to the team on a full-time or part-time basis, and, if assigned on a part-time basis, whether the head coach was a full-time or part-time employee of the school (The school must consider graduate assistants and volunteers who served as head coaches to be head coaches for the purposes of this report.);
 - d. the number of assistant coaches who were male and the number of assistant coaches who were female, and, within each category, the number who were assigned to the team on a full-time or part-time basis, and, of those assigned on a part-time basis, the number who were full-time and part-time employees of the school (The school must consider graduate assistants and volunteers who served as head coaches to be head coaches for the purposes of this report.); and
 - e. an unduplicated head count of the individuals who were listed as participants on at least one varsity team, by gender.

DL On-line Counseling

Students can take online counseling at the Direct Loan Web Site at www.dl.ed.gov
A DL school can sign up to receive regular reports with the names of students who have completed on-line counseling. (Log in to the COD Web site and then select the Direct Loan Servicing Online School site.)

Providing borrower information

A Direct Loan School should mail updated borrower information to
U.S. Department of Education
PO Box 5609
Greenville, TX 75403-5609

Staying in touch with the Direct Loan Servicer

If they keep their PIN numbers handy, Direct Loan borrowers can manage their loans online by going to: www.dl.ed.gov to check account balances, change address, estimate repayments, or print out forms (deferment, forbearance, electronic debit account).

Alternative entrance counseling approaches

The Direct Loan regulations describe how a school may adopt alternative approaches as a part of its quality assurance plan — see 34 CFR 685.304(a)(4)

LOAN COUNSELING

Before a first-time FFEL, or Federal Direct Loan borrower takes out a loan, the school must ensure that entrance counseling is conducted—individually or in a group with other borrowers. Initial counseling must include: an explanation of the use of an MPN; the importance of the repayment obligation; a description of the consequences of default; providing sample repayment schedules; familiarization with a borrower’s rights and responsibilities as well as other terms and conditions. Loan (exit) counseling must also be provided before the borrower completes his or her course of study or otherwise leaves the school. There are similar requirements for the Perkins loan program (see Volume 6 – Campus-Based Programs).

Loan counseling is particularly important because new students often have little or no experience with repayment and managing debt. Your school must ensure that the student receives comprehensive entrance and exit counseling, even though the counseling may be given by a consultant, servicer, lender, or guarantor (usually on the Web), or online on the Direct Loan Web site. First-time Stafford borrowers must receive entrance counseling before the first disbursement of the loan, and all students who are graduating or withdrawing from school must receive exit counseling. If the counseling is given electronically, you’ll need to make sure that the student receives written counseling materials for any required information that is not provided in the electronic counseling presentation. Your school is also responsible for making knowledgeable staff available to answer student questions.

The following pages list the elements of entrance and exit counseling that are either required by regulation or recommended. However, there are many ways to deliver this information and to reinforce it through continuing contacts with your student borrowers. You have an opportunity at each disbursement to remind students about the importance of academic progress, planning for future employment, and staying in touch with the holder of the loan.

The Direct Loan Program and many FFEL guaranty agencies, lenders, and other organizations offer online counseling through the Web, videos, pamphlets, and other counseling materials. Your school may choose to rely on Web counseling services, if those services provide all of the information required by regulation.

If your staff are conducting in-person counseling sessions, charts, handouts, audiovisual materials, and question-and-answer sessions can help convey the information in a more dynamic manner. We also recommend the use of written tests. Moreover, the regulations require (for any form of counseling) that someone with expertise in the FSA programs be available shortly after the counseling to answer borrowers’ questions about those programs.

Regardless of the counseling methods your school uses, you must be sure to document that the student participated in and completed entrance and exit counseling. You can usually also get confirmation

that the student has completed the online counseling session through a printout, electronic message, or other means.

The chart at the end of this section summarizes information to be covered as a part of entrance and exit counseling sessions. The arrows indicate those elements that must be covered in both entrance and exit counseling.

Providing borrower information at separation

The personal and contact information collected at the time of exit counseling must be provided to the guaranty agency or Direct Loan Servicing Center within 60 days. A student authorizes his or her school to release information to lenders as part of the promissory note the student signs as part of the loan application process. No further permission is needed.

Exit counseling follow up

If the student borrower drops out without notifying your school, you must confirm that the student has completed online counseling, or mail exit counseling material to the borrower at his or her last known address. The material must be mailed within 30 days of your learning that a borrower has withdrawn or failed to participate in an exit counseling session.

If you're mailing these exit materials, you're not required to use certified mail with a return receipt requested, but you must document in the student's file that the materials were sent. If the student fails to provide the updated contact information, you are not required to take any further action.

Counseling for correspondence and study abroad students

As an alternative for correspondence programs, or study abroad programs that are approved by the U.S. school for credit, you may send the borrower written counseling materials within 30 days after the borrower completes the program, with a request that the borrower provide the contact and personal information that would ordinarily have been collected through the counseling process.

Web-based counseling sites can be particularly useful for borrowers who are participating in off-campus programs such as school's year-abroad program, correspondence study, and online programs.

If the borrower has not previously received a Stafford loan at that school, the school must document that the student has completed online entrance counseling that meets FSA requirements, or provide entrance counseling information by mail before releasing loan proceeds.

Loan counseling in regulations

FFEL: 34 CFR 682.604 (f) and (g)

DL: 34 CFR 685.304

Perkins: 34 CFR 674.16(a)

Availability of grant aid

The General Provisions require that you inform students about the availability of grant aid before awarding loans.

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Disclosure & counseling for Perkins Loans

The Perkins Loan regulations require that borrowers receive similar information. You can read more about the Perkins requirements in Volume 6 – "The Campus-Based Programs."

Direct Loan counseling materials

Direct Loan schools can order counseling materials, such as the Direct Loan Entrance Counseling Guide and the Direct Loan Exit Counseling Guide from the FSA PUBS Web site at <www.fsapubs.org>

Default Management Plan

Additional ideas for loan counseling are given in the "Sample Default Management and Prevention Plan."

* Financial literacy—schools should provide borrowers with information concerning the income potential of occupations relevant to their course of study, counseling at various stages of enrollment, interactive tools to manage debt, repayment options, and school contact information. Schools can offer this information through a variety of media such as counseling, classes, publications, e-tutorials, electronic newsletters to email accounts, and adding the information to award letters.

* At-Risk Students— schools should identify and provide special counseling for "at-risk" students (such as students who withdraw prematurely from their educational programs, borrowers who do not meet standards of satisfactory academic progress, or both). The most recent sample default plan was issued as an attachment to GEN-05-14

See attachment to GEN-05-14, or go to collection of "Default Rate Materials" on the IFAP Web site.

payments for the loan holder. A secondary market is a lender or a private or public agency that specializes in buying student loans.)

- **Review repayment options.** Explain that the exact repayment schedule will not be provided until loan repayment begins. Tell the student that certain fees (the origination fee and, for FFEL, an insurance fee) will be subtracted from the loan amount before the loan is disbursed but that repayment of the full loan amount is required. Review the availability of different repayment plans (standard, extended, graduated, income-sensitive/contingent), as well as loan consolidation. Stress that a borrower must make payments on his or her loans even if the borrower does not receive a payment booklet or a billing notice.
- **Discuss how to manage expenses (budgeting).** It would also be helpful to include general information for the student about budgeting of living expenses and personal financial management. Financial planning includes decisions by the borrower about the amount of student aid that he or she can afford to borrow. Budgeting information can be combined with an assessment of the student's earning potential in his or her chosen career, and with required information about anticipated monthly payments and overall indebtedness.
- **Reinforce the importance of communicating change of status, etc. to the lender.** The counseling should stress the student's obligation to keep the lender (or the Direct Loan Servicing Center) informed about address changes, or changes in enrollment. (Failure to tell the lender about their responsibility to notify the lender or the DLSC is one of the most common reasons why a loan goes into default.) The borrower should always know the most current name and address of the lender, the loan servicer, and the guarantor of the loan.

The student is required to inform the lender when he or she graduates, changes schools, drops below half time, or withdraws from school. The borrower also must tell the DLSC or the lender if his/her address changes (including changes in the permanent address while in school). The student should also be reminded of the importance of notifying the holder of the loan in the event of a name change (including the change of a last name through marriage) or a change in Social Security Number.

- **Review deferments, forbearance, etc.** The borrower should have a general understanding of the deferment, forbearance, and cancellation options, and how to apply for them. The counseling should stress that the borrower needs to contact the lender or DLSC if he or she is having difficulty in repaying the loan, as the lender or DLSC may be able to suggest options that would keep the loan out of default. Inform borrowers that information about deferments and forbearance is contained in their promissory notes.
- **Review Borrower's Rights and Responsibilities.** The student must receive a statement of Borrower's Rights and Responsibilities with the MPN. This may be provided by the Direct Loan Program or the FFEL lender, but it's a good idea to review the information on the statement with the borrower to make sure that he or she is familiar with that information.
- **Remind borrowers of the refund and other policies affecting withdrawals.** The borrower should be aware of the school's academic progress policy and refund policy, and how the return of FSA funds will affect loan repayment.
- **Reinforce the importance of keeping loan records.** This would be a good time, if your school has the resources, to provide a student with a folder or other aids to encourage him or her to keep all financial aid materials in one place. The student should keep copies of all records relating to the loan, beginning with the Master Promissory Note and notices showing when the student received loan payments or his/her account was credited. The student should keep the loan repayment schedule provided by the lender or DLSC when repayment begins, as well as records of loan payments—including canceled checks and money order receipts. The student should keep copies of any requests for deferment or forbearance, or any other correspondence with the loan holder or DLSC.
- **Reminder about exit counseling.** Because many students leave school before the scheduled end of their academic programs, it's helpful to remind students during entrance counseling that they are obligated to attend exit counseling before they cease to be enrolled at least half time.

Drug and alcohol prevention cites

Drug-Free Schools and Communities Act
(Public Law 101-226)
Drug-Free Workplace Act of 1988 (Public Law
101-690)
34 CFR 84 Government-Wide Requirements
for Drug-Free Workplace
34 Part 86 Drug and Alcohol Abuse
Prevention
34 CFR 668.14(c)

DRUG AND ALCOHOL ABUSE PREVENTION INFORMATION

A school that participates in the FSA programs must provide information to its students, faculty, and employees to prevent drug and alcohol abuse.

In addition, a school that participates in the Campus-Based programs must have a drug-free awareness program for its employees that includes a notice to its employees of unlawful activities and the actions the school will take against an employee who violates these prohibitions. The drug-free awareness program for school employees is discussed in more detail in Chapter 3 of this Volume.

Information to be included in drug prevention materials for students

A school must provide the following in its materials:

- information on preventing drug and alcohol abuse;
- standards of conduct that clearly prohibit, at a minimum, the unlawful possession, use, or distribution of drugs and alcohol by students and employees on the school’s property, or as part of the school’s activities;
- a description of the sanctions under local, state, and federal law for unlawful possession, use, or distribution of illicit drugs and alcohol;
- a description of any drug and alcohol counseling, treatment, or rehabilitation programs available to students and employees;
- a description of the health risks associated with the use of illicit drugs and alcohol; and
- a clear statement that the school will impose sanctions on students and employees for violations of the standards of conduct (consistent with local, state, and federal law) and a description of these sanctions, up to and including expulsion, termination of employment, and referral for prosecution.

Distribution of materials to all students and employees

The school may include this information in publications such as student or employee handbooks, provided that these publications are distributed to each student and employee. Merely making drug prevention materials available to those who wish to take them is not sufficient. The school must use a method that will reach every student and employee, such as the method used to distribute grade reports or paychecks.

The school must distribute these materials annually. If new students enroll or new employees are hired after the initial distribution for the year, the school must make sure that they also receive the materials. (For more information on the requirement to implement an anti-drug abuse program and evaluate it, see chapter 3.)

MISREPRESENTATION

Under the General Provisions regulations the Department may fine, limit, suspend, or terminate the participation of any school that substantially misrepresents the nature of its educational program, its financial charges, or the employability of its graduates.

Definition of misrepresentation

Misrepresentation is any false, erroneous, or misleading statement made to a student or prospective student, to the family of an enrolled or prospective student, or to the Department. This includes disseminating testimonials and endorsements given under duress.

Substantial Misrepresentation is any misrepresentation on which the person to whom it was made could reasonably be expected to rely, or has reasonably relied, to that person's detriment.

Misrepresentation of the educational program includes, among other things, false or misleading statements about the school's accreditation or the school's size, location, facilities, or equipment. Misrepresentation of financial charges includes, among other things, false or misleading statements about scholarships provided for the purpose of paying school charges. To be considered a scholarship, a grant must actually be used to reduce tuition charges made known to the student before the scholarship was offered to the student. (The tuition charges must be charges that are applied to all students whether or not they are receiving a scholarship.) It is also considered misrepresentation if the school gives false or misleading information as to whether a particular charge is a customary charge for that course at the school.

Misrepresentation includes making any false or misleading statements about the employability of the school's graduates.

The regulatory provisions concerning misrepresentation are listed in the chart on the following page.

Misrepresentation cites

34 CFR Subpart F
 34 CFR 668.71
 Misrepresenting educational program cite
 34 CFR 668.72
 Misrepresenting financial charges cite
 34 CFR 668.73
 Employability of graduates cite
 34 CFR 668.74

Prospective student

Any individual who has contacted an eligible institution for the purpose of requesting information about enrolling at the institution or who has been contacted directly by the institution or indirectly through general advertising about enrolling at the institution.

Misrepresentation

Nature of educational program

Misrepresentation by a school of the nature of its educational program includes, but is not limited to, false, erroneous, or misleading statements concerning:

- the particular types, specific sources, nature, and extent of its accreditation;
- whether a student may transfer course credits earned at the school to any other school;
- whether successful completion of a course of instruction qualifies a student for acceptance into a labor union or similar organization or receipt of a local, state, or federal license or a nongovernment certification required as a precondition for employment or to perform certain functions;
- whether its courses are recommended by vocational counselors, high schools, or employment agencies, or by governmental officials for government employment;
- its size, location, facilities, or equipment;
- the availability, frequency, and appropriateness of its courses and programs to the employment objectives that it states its programs are designed to meet;
- the nature, age, and availability of its training devices or equipment and their appropriateness to the employment objectives that it states its programs and courses are designed to meet;
- the number, availability, and qualifications, including the training and experience, of its faculty and other personnel;
- the availability of part-time employment or other forms of financial assistance;
- the nature and availability of any tutorial or specialized instruction, guidance and counseling, or other supplementary assistance it will provide its students before, during, or after the completion of a course;
- the nature and extent of any prerequisites established for enrollment in any course; or
- any matters required to be disclosed to prospective students under 34 CFR 668.43 (institutional information) and 34 CFR 668.46 (campus security information).

Nature of financial charges

Misrepresentation by a school of the nature of its financial charges includes, but is not limited to, false, erroneous, or misleading statements concerning

- offers of scholarships to pay all or part of a course charge, unless a scholarship is actually used to reduce tuition charges that are applied to all students whether or not receiving a scholarship and are made known to the student in advance; or
- whether a particular charge is the customary charge at the school for a course.

Employability of graduates

Misrepresentation by a school regarding the employability of its graduates includes, but is not limited to, false, erroneous, or misleading statements

- that the school is connected with any organization or is an employment agency or other agency providing authorized training leading directly to employment;
- that the school maintains a placement service for graduates or will otherwise secure or assist its graduates to obtain employment, unless it provides the student with a clear and accurate description of the extent and nature of this service or assistance; or
- concerning government job market statistics in relation to the potential placement of its graduates.

CAMPUS SECURITY

The Department is strongly committed to enforcing the provisions of the Campus Security Act of 1990 requiring a school to compile and distribute an annual campus security report. In its continuing effort to assist schools in fully complying with the Crime Awareness and Security Act of 1990, the Department has developed *The Handbook for Campus Crime Reporting* (see sidebar for links to the Handbook and the Survey Web site). The *Handbook* defines the categories of crime and procedures for reporting them, as well as the requirements for timely warnings and maintenance of a daily crime log.

Compiling & reporting campus security policies and crime statistics

Each year in the late summer, a letter and a certificate from the U.S. Department of Education are sent to the institution's president or chief executive officer. The certificate includes the User ID and password needed to access the Campus Crime and Security Survey Web site.

Distribution of the annual security report

By October 1 of each year, a school must publish and distribute its annual security report. It must be distributed to all **enrolled students and current employees** in one of two ways—directly by publications and mailings, including giving each individual a copy, or direct mailing to each individual through the U.S. Postal Service, campus mail, or electronic mail, or a combination of these methods.

If the school chooses to fulfill this requirement by posting the annual security report on an Internet or Intranet Web site, an **individual notice must be distributed to each student and current employee** that includes:

- a statement of the report's availability,
- a list and brief description of the information contained in the report,
- the exact electronic address (URL) of the Internet or Intranet Web site at which the report is posted, and
- a statement saying the school will provide a paper copy upon request.

Institutions may use the sample notice from the *Handbook for Campus Crime Reporting* to inform students and employees of the availability of the annual security report:

Upon request, a school must provide its annual campus security report to a prospective student or prospective employee. In order to ensure that a prospective student or employee can request the report, the school must provide them with notice of the report's availability. The notice must include a brief description of the report. If a prospective student or employee requests it, the school must provide a hard copy of the report.

Reporting campus crime data

Schools are required to submit a Web-based statistical report to ED on an annual basis. The survey data is collected through the Department's Campus Crime and Security Web site (requires password & User ID): surveys.ope.ed.gov/security

Important - Do not send your annual security report to ED

→ More detailed information on campus crime reporting and the Annual Security Report are provided in the *Handbook for Campus Crime Reporting*, which is available at www.ed.gov/admins/lead/safety/campus.html

- Campus Crime Help Desk telephone number—(800) 435-5985
- Campus Crime e-mail address—CampusSecurityHelp@Westat.com.
- For questions about the web survey - CrimeHandbookQuestions@ed.gov

Clery/Campus Security Act

In 1990, Congress enacted the *Crime Awareness and Campus Security Act* (Title II of Public Law 101-542), which amended the Higher Education Act of 1965. The act was amended in 1992, 1998 and 2000. The 1998 amendments renamed the law the *Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act*.

HEA Sec. 485(f)
20 U.S.C. 1092(f)
34 CFR 668.46

Sample notice of availability of Annual Security Report

A copy of [name of institution's] *Annual Security Report*.

This report includes statistics for the previous three years concerning reported crimes that occurred on-campus; in certain off-campus buildings or property owned or controlled by [name of institution]; and on public property within, or immediately adjacent to and accessible from, the campus. The report also includes institutional policies concerning campus security, such as policies concerning sexual assault, and other matters. You can obtain a copy of this report by contacting [name of office] or by accessing the following web site [address of web site].

— From *Handbook for Campus Crime Reporting*

Help prevent financial aid/scholarship fraud

Every year, millions of high school graduates seek creative ways to finance the markedly rising costs of a college education. In the process, they sometimes fall prey to scholarship and financial aid scams. On November 5, 2000, Congress passed the College Scholarship Fraud Prevention Act of 2000 (CSFPA). The CSFPA enhances protection against fraud in student financial assistance by establishing stricter sentencing guidelines for criminal financial aid fraud. It also charged the Department, working in conjunction with the Federal Trade Commission (FTC), with implementing national awareness activities, including a scholarship fraud awareness site on the ED Web site.

You can help prevent financial aid/scholarship fraud by, in your consumer information, alerting students to the existence of financial aid fraud, informing students and their parents of telltale pitch lines used by fraud perpetrators, and by providing appropriate contact information.

According to the FTC, perpetrators of financial aid fraud often use these telltale lines

- The scholarship is guaranteed or your money back.
- You can't get this information anywhere else.
- I just need your credit card or bank account number to hold this scholarship.
- We'll do all the work.
- The scholarship will cost some money.
- You've been selected by a 'national foundation' to receive a scholarship' or 'You're a finalist' in a contest you never entered.

To file a complaint, or for free information, students or parents should call

1-877-FTC-HELP (1-877-382-4357)

or visit: <http://www.ftc.gov/scholarshipscams>

School Disclosure Requirements

Recipients	What They Receive	How It Must Be Provided	When It Must Be Provided
<p>Currently enrolled students and current employees</p>	<p>The institution's annual campus security report in its entirety (pursuant to 668.46)</p>	<p>Through publications, mailings, or electronic media sent directly to individuals. If a school chooses to post its annual security report to a Web site it must send each individual a notice through U.S. mail, campus mail, or directly to an e-mail address that</p> <ol style="list-style-type: none"> 1. provides a brief summary of the information required to be disclosed; 2. provides the Internet or Intranet Web site address where the information can be found; 3. states that, upon request, the individual is entitled to a paper copy; and 4. informs the individual how to request a paper copy. 	<p>The school must prepare and make available its security report annually by October 1.</p>
<p>Currently enrolled students</p>	<p>Notice about the availability of the following</p> <ol style="list-style-type: none"> 1. information on financial assistance available to students enrolled in the school (pursuant to 34 CFR 668.42); 2. information on the school (pursuant to 34 CFR 668.43); 3. the institution's completion or graduation rate, and, if applicable, its transfer-out rate (pursuant to 34 CFR 668.45); 4. information about students' rights under FERPA (pursuant to 34 CFR 99.7); and 5. information about athletic program participation rates and financial support (EADA) (pursuant to 34 CFR 668.47). <p>The notices must be sufficiently detailed to allow students to understand the nature of the disclosures and make an informed decision whether to request the full reports.</p>	<p>A school must provide direct individual notice to each person.</p> <p>A school may provide the required notice through direct mailing to each individual through the U.S. Postal Service, campus mail, or electronically directly to an e-mail address.</p> <p>The individual notice provided to enrolled students must</p> <ol style="list-style-type: none"> 1. provide a brief summary of the information required to be disclosed; 2. provide the Internet or Intranet Web site address where the information can be found; 3. state that upon request the student is entitled to a paper copy; and 4. inform the student how to request a paper copy. 	<p>Annually, a school must provide notice to each enrolled student. Immediately, upon request, the school must provide the full reports.</p> <p>The school must prepare its completion or graduation rate, and, if applicable, its transfer-out rate report by July 1, immediately following the point in time at which the 150% point for the cohort has elapsed.</p> <p>Institutions must prepare and make available information about athletic program participation rates and financial support (EADA) by October 15.</p> <p>Information on the school and its financial assistance programs must be current.</p>
<p>Everyone who requests information about employment at the school</p>	<p>A notice about the availability of the annual campus security report. The notice must include a list of the information from the institution's annual security report to which employees and prospective employees are entitled. The list must include brief descriptions of the required disclosures. The descriptions should be sufficient to allow employees and potential employees to understand the nature of the disclosures and make an informed decision whether to request the full report.</p>	<p>In response to an inquiry about employment, a school must provide direct individual notice to each prospective employee. A school may provide the required notice through direct mailing to each individual through the U.S. Postal Service, campus mail, or electronically directly to an e-mail address.</p> <p>If the school makes the information available by posting it to its Web site, then the notice provided must</p> <ol style="list-style-type: none"> 1. identify the information required to be disclosed; 2. provide the Internet or Intranet address where the information can be found; 3. state that, upon request, individuals are entitled to a paper copy; and 4. inform individuals how to request a paper copy. 	<p>The school must prepare its report annually by October 1.</p> <p>Immediately, upon request, the school must provide the full report.</p>

School Disclosure Requirements (continued)

Recipients	What They Receive	How It Must Be Provided	When It Must Be Provided
Prospective students	<ol style="list-style-type: none"> 1. Information on financial assistance available to students enrolled in the school (pursuant to 34 CFR 668.42); 2. Information on the school (pursuant to 34 CFR 668.43); 3. Information about students' rights under FERPA. 4. Notice about the availability of the institution's annual campus security report (pursuant to 34 CFR 668.46). The notice must include: <ol style="list-style-type: none"> a. a list of the information in the report; b. brief descriptions of the required disclosures that are sufficient to allow students to understand the nature of the disclosures and make an informed decision whether to request the full report (please see the NPRM of 8/10/99 page 43583 for an example); and c. an opportunity to request a copy. 5. The institution's completion or graduation rate, and, if applicable, its transfer-out rate (pursuant to 34 CFR 668.45). 6. Information about athletic program participation rates and financial support (pursuant to 34 CFR 668.47). 	<p>Directly to prospective students through appropriate publications, mailings, or electronic media a school must provide individual notice of the availability of items 1 through 6.</p> <p>Upon request, institutions must provide their complete report on completion, graduation and, if applicable, transfer-out rates.</p> <p>Upon request, a school must provide a copy of its full annual security report to a prospective student.</p> <p>If provided electronically, notices and reports must be sent directly to an e-mail address.</p>	<p>Prior to a prospective student's enrolling or entering into any financial obligation with a school, the school must provide its report on completion, graduation, and transfer-out rates.</p> <p>Notice about the availability of the other reports should be included in the materials a school provides to prospective students.</p> <p>Immediately, upon request, the school must provide its security report on a direct, individual basis.</p>
Prospective student-athletes and their <ol style="list-style-type: none"> 1. parents, 2. high school coaches, and 3. guidance counselors 	<p>A school that is attended by students receiving athletically related student aid must produce a report on the completion and graduation rates of student athletes pursuant to 34 CFR 668.48.</p>	<p>The information must be provided directly to the respective parties. It may be provided in writing (on paper) or through electronic mail but not simply by posting it to a Web site.</p> <p>If the NCAA provides an institution's completion and graduation rates of student athletes to high school coaches and counselors, the school is deemed to be in compliance with that portion of this requirement.</p>	<p>The school must provide the report at the time it makes an offer of athletically related student aid to a prospective student athlete.</p> <p>Annually by July 1, institutions that are attended by students receiving athletically related student aid must produce the report and make it available.</p>
Faculty, students, and employees	<p>Drug and alcohol prevention information pursuant to Public Law 101-226.</p>	<p>Schools must use a method that ensures that the information will reach every student, faculty member, and employee.</p>	<p>The school must ensure that students who enroll and employees who are hired after the initial distribution for the year, also receive the information.</p>
The general public	<p>A school that participates in any FSA program and has an intercollegiate athletic program must provide a report on athletic program participation rates and financial support (EADA) (pursuant to 34 CFR 668.47).</p>	<p>Through appropriate publications, mailings, or electronic media.</p>	<p>Annually, for the preceding year, the school must prepare the report and make it available by October 15.</p>