

**Lender/School Advisory (L/SA) Committee Meeting  
November 10, 2009  
Alamo and Rio Grande**

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**Committee Members present (23):**

Caite Blount  
Mackie Bonner  
Wally Boudet  
Cynthia Butler  
Maria Carrizales  
Katherine Carson  
Casey Creel  
Amanda Dickinson  
Lindy Hall  
Paige Hendricks  
Shanna Hollis  
Carolyn Jones

Tracy Lutkenhaus  
Dr. Tom Melecki  
Jim Reed-school chair  
Sherry Schroeder  
Rhonda Summerbell  
Brian Sunshine  
Mary Teel  
Anne Walker  
Susan Warren  
Michael Williams  
John Wood

**Committee Members absent (3):**

Paul Blake  
Lisa McGaha

Jackie Stevens

**Visitors (3):**

Jose Guerrero / NTHEA  
Paul Wright / EdFinancial  
Evan Vestal / Edamerica

**Meeting Start Time: 9:30 a.m.**

**Housekeeping**

**Jim Reed**

Upcoming meetings: All Thursdays - Feb 25, May 27, Aug 12, 2010  
Minutes for August 4, 2009 were approved with minor corrections.

**TG Current and Future Focus**

**Sue McMillin**

Washington bill on Education expected mid-November and will be debated for approximately 4 weeks and then to the Senate. However, healthcare is currently the priority. Bill may look like HR3221. Discussed Kline's letter to Duncan regarding ED pushing agendas and possible violations regarding use of funds. The Department of Education has been required by the ranking minority leader to provide documentation by Nov 24<sup>th</sup> regarding possible prohibited activity. The Treasury has indicated a possible 2-3 week delay in fund transfers in general. Direct lending has increased their number of servicers which according to some could translate to degradation in service to schools.

**Introduction of New Members**

**Jim Reed**

Introduction of all committee members.

## **Negotiated Rulemaking: Final Rule Highlights**

**Carol Lindsey**

Total and Permanent Disability and Active Duty changes. PLUS loan deferments allow parents payment relief on or before July 1, 2008. Service members changed to 6% while serving. IBR (Income Based Repayment) calibrates student loan payment to their income level and ensures no more than 15% of the student's income. Department is willing to purchase rehab loans. Department disclosures are being used to inform borrowers.

## **IBR (Income Based Repayment)**

**Rinn Harper**

IBR (Income Based Repayment) is great program that borrowers are not utilizing. TG has implemented IBR references in default prevention calls when IBR may be an option to assist borrowers. Brochures are available from TG on IBR. Communication efforts are underway. Committee suggests selling or promoting IBR as a benefit instead of as an entitlement program.

## **School Breakout Session**

**IDA** - TG solicited and collected the following input from schools:

- More customization for schools to add language to letters and emails
- Ability to import non-TG data - including secondary email for students from school's FAMS; concern that TG email addresses could be outdated and that school has more current information
- TG provided borrower call scripts to schools
  - Suggestion that TG solicit input from schools, pre-existing scripts already in use; Schools can email script suggestions to the product manager: rick.johnson@tgsdc.org.
  - Also a concern that the scripts need to comply with privacy and FERPA policies, so that scripts that are being sent out from schools are compliant. TG may provide training modules to accompany scripts on "best practices";
- Need for ability to load data from other guarantors/DL into IDA for tracking; Make sure that IDA would be compatible with ALL sources, so that school can load data from any databases/products;
- All delinquency/default prevention activities should be able to be performed in IDA; Schools would like to be able to choose which they want to be perform;
- Data loaded into IDA will be saved, but TG will not have access to it i.e. secure for school
- IDA users IDs/passwords are managed by the school, with the ability to give permission to third-party if needed.

## **Negotiated Rulemaking**

- Joe Pettibon/Texas A&M is on the committee and can be a resource for school concerns.
- HS diplomas for the purpose of establishing institutional eligibility - Home school vs. public vs. private---concern is that the requirements for home schools vary by state; schools need to know the differences and who to contact in each state with questions. Ability to benefit - Concern that some tests are not accurate measures, or administrators are not fair;
- Misrepresentation of information to student- Concern expressed that there are no guidelines on how to present the information to students---there was a suggestion that standards be set
- Incentive compensation- Suggestions have been made for "safe harbor"---schools encouraged to comment on how the guidelines will affect them.

- State authorization as component of institutional eligibility - Concern some states do not have oversight over all higher education institutions. While state may recognize school, other entities (regional and federal) may not. If school is not recognized, then students are not eligible for Title IV.
- Gainful employment in recognized occupation
  - Cost of education vs. potential earnings from the degree/completion of program, and the amount of debt that a student has to incur to complete the program.
  - Schools concerned that students should be responsible for their own debt management, and “hand holding” goes too far
  - Concern that accreditation will be effected if schools statistics do not meet set standards
  - Students seeking “enrichment” vs. work skills---will debt level be taken into consideration based on the intention of the student

*Note: Negotiated Rulemaking handouts were provided at meeting and will be emailed to those unable to attend.*

### SCHOOL FACT SHEETS

Information was solicited from the schools present. Schools, by type of institution, indicated the following priorities related to new sections being added to the School Fact Sheets:

LSA Nov 10, 2009	4 year	2 year	Career	Total
Student Outcomes	10	10	11	31
Student Debt	9	8	10	27
Student Default Statistics	9	8		17
Transfer Students	10	6		16
Local Economy	8	2		10
Financial Literacy Offering	3	3	3	9
TG Borrowers Default Timeline	4	5		9
Financial Aid Staff	8	1		9
TG Default Recovery Efforts		2	3	5
Adult Learning	5			5

- Uses of School Fact Sheets:
  - Schools to compare themselves to other institutions
  - By Legislators regarding their districts.
  - By the public to compare institutions
- With potential regulatory changes there is an opportunity to add information to the fact sheets to assist with retention, outreach, financial literacy, and default prevention.
- TG requested input from schools on changes/suggestions to the fact sheets
  - URL survey link in LSA packets for FA/school staff to add additional comments.
  - TG is requesting volunteers from schools to bounce ideas off of as the fact sheets are revised;
    - Concern with average indebtedness is that borrower debt will not be attributed to the correct institution—ex: student that accrues debt at a community college, that debt may be attributed to a four-year school when the student transfers
    - Concern that some schools measure indebtedness for freshman only, transfers, graduate programs---each set will have a different “picture” for students to

compare. Data should not be combined for different grade levels, students cannot truly compare.

- Other websites that already compare average indebtedness, and schools feel that there is a need for a combined site for all information
- Concern about where TG will get the data for the fact sheets---school, websites, state, IPEDs, etc.
- When will the data be captured---fall semester, current year, previous year, etc. Source of data needs to be disclosed, so that schools are assured that the data is correct and non-biased. Jeff Webster clarified the disclosure of the data source.

### **Lender Breakout Session**

The lender breakout session consisted of two agenda topics:

#### 1) Technical transition considerations:

- Discussion about recent announcements by lenders to exit FFELP and that schools' perceptions of the lender's announcement process and timeliness could directly influence that lender's future opportunity with the school for alternative loans and other services. There are operational impacts to profiles for both schools and guarantors that need lenders to be aware of so that exit strategy can be communicated clearly. There was much discussion about how and when to communicate and the considerations for stopping originations while supporting potential changes for many months. Two things were mentioned:
  - Communicate with TG who can provide lenders some guidance of things to consider when exiting FFELP.
  - Request for TG to create a check list for actions assuming a June 2010 exit from FFELP
- Some limited discussion about the impact that multiple DL servicers and the PUT activity is having on schools.
- Question about TG supporting DL schools; Yes, TG has in the past and continues to support DL schools;

#### 2) TG Training Conference - Suggested topics and general feedback

- Communicate that the TG conference is scheduled and will happen (with much uncertainty and limited budgets, announce early and often.)
- School systems - Home grown school system session (we normally have Banner and others, but how are home grown systems handling the DL change?).
- Texas Grant Session- THECB/presenter; with \$18B short fall in state budget, what is the impact to grants?
- IBR panel/ update (with lower than expected activity, are there other ways to increase awareness?)
- GI Bill / Veterans support update
- Private loans
- Managing change session
- DL transition panel discussion
- Expand/ include other groups supporting activity to increase college attendance/students i.e. the Austin organization called TAPE
- Brain storming session on Gap services: Highlight TG efforts on Financial Literacy, default management.
- Consider an event at the Bob Bullock museum due to its close proximity.
- School/Panel converting to DL
- Adventures in Education

- Innovation
- Reinvention

## Product Update

Paul Lewis

Paul reported the following product updates:

- MyTG borrower portal now accepts online payments from TG defaulted borrowers. Since September 2009, over 200,000 borrowers have registered for MyTG access. This number represents borrowers in originations and repayment.
- ListAssist for alternative loans went into production on Oct. 30th
- November, 2009 IDA was enhanced to email borrowers delinquency letters. We also added a new URL to access IDA for non-AW users. Webinars were scheduled in November, 2009.
- In spring 2010, TG will start notifying schools of new servicers for PUT loans using Commonline response files (@1M records). TG will also enhance the AdvanTG Web Guarantee Information report to display the new servicer and guarantor ids.
- To assist our customers with post-guarantee changes if FFEL is eliminated, AdvanTG Web and TG EFT will continue to be offered as is through June 30, 2011 or through the subsequent academic year after FFEL originations cease assuming that is the case at this point. There was some school concern about whether one year would be sufficient;

## Open Forum/Closing Comments

LSA Co-Chair

Reminder to send IDA enhancement info to the product manager at:

[rick.johnson@tgslc.org](mailto:rick.johnson@tgslc.org). Kim briefly reviewed transition to Direct Lending issues per input from Schools and Lenders. If lender has exited the FFELP program then TG will cease new originations on date lender indicates. Other transition issues such as transition of Parent PLUS loans, credit checks, and LBW lender lists were discussed.

Additional discussion was had about agenda items for the TG Annual Training Conference being held at AT&T Conference Center and hotel April 7-9th. Registration information is expected to be posted on TG Online in December, 2009.

Sue reiterated that due to the lack of information at this time, the fate of FFELP and DL transition timelines remain unknown.

Meeting End Time: 3:32pm

Scribe Name: Julie Ewing

The next *LSA Meeting is Thursday, February 25, 2010.*