

Lender/School Advisory (L/SA) Committee Meeting
February 25, 2010
Alamo and Rio Grande

Committee Members present (20):

Paul Blake	Carolyn Jones
Mackie Bonner	Tracy Lutkenhaus
Maria Carrizales	Dr. Tom Melecki
Katherine Carson	Jim Reed-school chair
Casey Creel	Sherry Schroeder
Amanda Dickinson	Rhonda Summerbell
Jose Guerrero	Brian Sunshine
Cathleen Harmon	Mary Teel
Paige Hendricks	Michael Williams
Shanna Hollis	John Wood

Committee Members absent (7):

Caitie Blount	Lisa McGaha
Wally Boudet	Jackie Stevens
Cynthia Butler	Anne Walker
Lindy Hall	

Meeting Start Time: 9:30 a.m.

Housekeeping

Jim Reed

Upcoming meetings: May 27, Aug 12, 2010
Minutes for November 10, 2009 were approved.

Committee member Update

Kim Alexander

Kim gave an update on recent member changes; Cathleen Harmon/SLMA replaced Memory as a lender member (Lender chair position remains vacant); Cynthia Butler moved to a new school; Susan Warren has left the industry, thus her lender position has been filled by Jose Guerrero who was an approved alternate Lender committee member.

TG LSA Strategic Planning Survey results

Update on LSA Strategic Planning survey to committee members. TG received 6-9 responses from LSA members on six questions. Input was incorporated into TG's strategic planning process as we consider guarantor role options in the changing environment. LSA members requested that the survey be distributed to members again. TG can forward the survey but since initial responses were anonymous it will need to be distributed to all members again.

TG conference update— LSA was reminded of dates and TG expressed concern about lower registration due to the industry situation and reduced budgets of schools. Registration is 48% of what is usually at this time. TG did implement a daily registration option to assist with budget limitations. A full agenda of timely topics has been posted that should prove beneficial and valuable to all financial aid professionals. Highlight of some sessions; David Bergeron/DE and Patrick Kennedy/DOE will both join us for a general session on Thursday morning.

DOE-Fred Sellers, year-round Pell general session Friday morning via a teleconference with Q&A; Direct Lending servicer panel and Q&A; two FFELP – DL transition panels; A number of tracks that have a broad emphasis on timely issues; There was brief highlight of other important sessions. Special invitations were sent to High School Counselors and Credit Unions to broaden attendee base and encourage attendance of these groups at relevant sessions focused on them and their activities. Vickie also provided information regarding motivational keynote and closing session speakers and encouraged everyone to attend. Vickie asked for suggestions for a school presenter for the TG conference Peoplesoft and Banner FAMS sessions.

Legislative/ Presidential Budget Update

Sue McMillin

In conjunction with Texas Association of Community Colleges (TACC), Independent Colleges and Universities of Texas (ICUT) and the Council of Public University Presidents and Chancellors (CPUPC), TG conducted a survey of Texas schools from these three constituent groups (community colleges, privates and public higher educational institutions) to determine their readiness for transition to the FDLP or (DL). We had an excellent response rate of 85%. TG shared results with each organization and discussed Texas school readiness. TG communicated to Presidents the results that across the three groups approximately 71-75% of schools were not yet in the DL program; 59% of 4-yr publics were in some stage of transition; but across all three groups 42-88% (Community Colleges highest concern) indicated concern about the transition; When asked if assistance was needed 29-52% expressed need for help to get ready. All three groups indicated they will continue to need the type of support services (delinquency/default aversion and counseling, financial literacy, alternative loan processing, outreach and awareness and staff training) that TG has historically and plans to continue to provide to schools. TG sent a letter to the DOE with the high level results of the Texas school readiness survey.

Don't expect action on ECASLA; TG is ready to use LLR if necessary. Very limited communication from the DOE with guarantee agencies with what we need to be doing. Not a lot going on the Hill; everything pretty much in a holding pattern.

A question about Sue's statement that reconciliation could only be used once (for the Health Care Bill or HB3221) was raised. She responded with an explanation regarding the way protocol is structured, the reconciliation process can only be used one time only. Thus, the reconciliation process has not been used for the student loan bill, in case it is needed for the Health Care bill. As a result HR3221 is stalled.

Servicers were just now getting instructions from the DOE on the servicing process; metrics are in place for servicers, but there are critical pieces that have not been communicated with servicers yet. Carolyn Jones gave kudos to Nelnet for dispensing a PUT loan guide that has been a great help to her school and others and suggested similar guidance from the DOE servicers would be helpful.

Sue recommended that the industry get away from a DL vs FFELP mentality and keep in the forefront the real issue - that students have access to funds July 1, 2010. Discussion followed on school readiness in general.

DOE training discussion: Shanna Hollis mentioned that she attended and that the training was very helpful. It seemed apparent that all schools would be moving to Direct Loan participation.

Brian Sunshine asked about DOE specifications for transitions & LLR execution. Sue responded that she has become the poster child for LLR due to her persistence in reminding the DOE that there is a lack of LLR guidance to guarantors, and now seems to be the spokesperson for guarantors.

State legislative update – TG has a \$26 billion portfolio is financially strong and will not disappear July 1, 2010. We will need to service out our portfolio and this will go on for many years. TG is trying to educate the state legislature on changes that may be required to TG's statute. A higher education hearing was held recently and Sue reported that the hearing went well and laid groundwork for the higher education committee to gain a better understanding of the loan programs. The hearing covered more than financial aid but most of the time was spent on the financial aid topic.

TG Updates

Integrated Default Assistance (IDA)

Rick Johnson

Rick distributed a handout which outlined IDA 2.0 project goals and plan of action to achieve the goals. IDA 2.0 most important goal is creation of a school centric product that facilitates effective default prevention practices. Other goals discussed were: provide valuable cohort default rate (CDR) tracking and reporting tools; and provide accurate CDR data to schools. Rick provided a sample of default profile report and identified outside dependencies related to TG obtaining data to provide schools with their complete default data picture; TG has done analysis on outside dependencies and competitors version of default assistance tools and is working to build a product that is more robust and diversified than those currently available.

TG Future Alternative Loan Plans

Paul Lewis

Paul discussed Commonline layout changes developed by the Originations Standards Advisory Team (OSAT) related to private loan processing. The committee has added a field to allow schools to report the reason for terminating an application. The termination reasons trigger certain messages to be sent to the borrower by the lender/servicer. Other changes include reference fields being added for co-signors. Paul wanted to make sure the committee was aware of those changes and gather feedback regarding the schools readiness or willingness to provide the information electronically. Everyone was asked to follow up with their financial aid management systems (FAMS) vendor or information technology group regarding the changes.

Negotiated Rulemaking Update

Carol Lindsey

Committee met for the third negotiating session. The committee was able to reach agreement on most items: Definition of High School Diploma; Ability to Benefit; Misrepresentation of Information to Students and Prospective Students; Definition of a Credit Hour; Agreements between Institutions of Higher Education; Verification of information included on Student Aid Applications; Satisfactory Academic Progress; Retaking Coursework; and Disbursements of Title IV funds.

Agreement could not be reached on Incentive Compensation; State Authorization as a Component of Institutional Eligibility; Gainful Employment in a Recognized Occupation; Return of Title IV Funds: Term-based Programs with Modules or Compressed Courses; and Return of Title IV Funds: Taking Attendance.

Carol reminded the group that since agreement was not reached on all issues, the DOE will proceed with the development of proposed regulations as it determines appropriate.

School Breakout Session

- SAFRA –The SAFRA discussion centered on the timing of schools moving to direct lending. The school attendees were polled and it was determined that 8 out of the 10 schools present were moving this summer. Collin County and Richland do not have an anticipated move date, due to administration decisions at their campuses.
- Regarding the new Perkins loan implementation, schools expressed concern regarding how many more students are eligible for Perkins loans. Some felt the economy had an impact on this increase.
 - Alternative loans affected schools were concerned with more students taking out private loans and expressed concerns about availability of private loan lenders.
 - Schools wanted the Coordinating Board (THECB) to realize the importance of programs to schools like Be On Time (BOT) and College Access Loan (CAL).
- Schools were very happy to hear that TG has a proactive disbursement plan in place for FFELP disbursements scheduled in error after 07/01/10. They are looking for assistance with making sure that loans are not guaranteed for first disbursements beyond 07/01/10.
 - Proactive communication & reporting to schools beginning June 1st
- TG paying FDF until June 30, 2010 - Schools asked if TG would be paying the fee after June 30th. The response was that TG would pay the fee and honor the current policy which ends June 30, 2010.
- School concern with CDR rates increasing with DOE servicers. Schools expressed concern with the “lack of service” some have received from DOE servicers. They are concerned about the service affecting the students and no “real” proactive default efforts taking place to help students (e.g. IBR). Schools mentioned how appreciative they are of TG and all the proactive services we have incorporated to help students from going into default and help schools lower rates where possible.

Lender Breakout Session

- TG shared with lenders the proposed system edits to not allow new guarantees after July 1st if or when SAFRA passes.
- There was open discussion about lenders commitment to the 2010-11 season. Most expressed commitments past July 1st and are based on FFELP continuance and an ECASLA extension. TG mentioned we have begun receiving loan requests for after July 1st and have some concern how lenders will handle communicating to schools what options will be in place for those loans when lenders have not committed past July 1st. Lenders acknowledged the dilemma and continue to await corporate direction that is dependent upon pending legislative action.

TG Focus Post FFELP

Sue McMillin

Looking ahead at TG's key result areas; Public Mission, Financial Success and Service. TG measures customer service satisfaction across the corporation in our key areas of focus. TG plans to continue to focus on delinquency and default prevention programs and what the DOE has not or cannot provide. TG's intention is to continue providing outreach access and information and to assist in the same areas that TG has in the past except of course related to new FFELP loan guarantee processing. TG will continue to provide support to schools in the same manner we have in the past as we explore other higher education related acquisitions and diversification that are in line with our overall key result areas. TG will not venture into areas that we don't have expertise

in unless we collaborate with others who are experts in a particular area outside of area of expertise. TG will continue to earn revenue from of our existing FFELP portfolio and will continue to look for other opportunities such as DOE grants or other subcontract opportunity areas of need;

TG has setup a for profit entity – EAS collections company – wholly owned subsidiary – with its own president and employees, that already has sub-contracted for a vendor. Acquisitions and mergers will be considered going forward but with a focus limited to what TG does well and areas that would fit in with the industry and our mission; Possibly taking on smaller portfolios of other guarantee agencies that may not be in the position to service them. We will not disrupt the strong financial position that we are in because that would disrupt the customer service that we are providing to our current customers. Our focus is to ensure that we are here for the long haul and to provide the same level of service to the schools and students and their families. We are prepared if FFELP goes away June 30 and prepared if FFELP continues after June 30, 2010. Sue requested that LSA members let TG know if they see a gap in an area that the DOE is not meeting, so that TG can determine if that is a gap that we can fill.

There was discussion about the value of the LSA committee as we go forward if schools are all DL. Sue reiterated that this committee would be of value whether schools were either DL or FFELP. Other committees would have to be analyzed individually, but LSA serves an important role. TG has not discussed abandoning any of the current TG committees.

LSA member asked whether TG will focus more on Texas or national in the future. Sue stated that it depends on the mandates given by federal and state legislatures. However, TG's focus will never abandon Texas schools who have been and will continue to be a TG priority.

Open Forum/Closing Comments

Kim Alexander/LSA Co-Chairs

HB2504 – Highlights of the bill were discussed and reference to a handout explaining HB2504 was briefly discussed. The bill includes a requirement for tracking employment and there were questions raised from schools about the use of TG's former tool Job Gusher for student employment tracking. Kim provided feedback on the end of life cycle for Job Gusher and indicated that there are no plans to revive the tool at this point. The committee members were asked to provide feedback on their ability to incorporate HB2504 if passed into their processing. Most schools impacted by this bill currently had ways to incorporate the bill without using a tool like Job Gusher. Kim asked for LSA feedback/suggestions/concerns/comments about implementation if applicable. Some schools appear well able to implement and others do not. Tom Melecki stated that UT had concerns about advertising federally funded student employment jobs and as a result restrict postings on their website thus requiring a student ID and password in order to view jobs.

Sue asked Carolyn Jones to inquire of other TASFAA members and that the feedback would be valuable as TG considers options for the future. Carolyn Jones indicated that one consistently voiced concern of many Texas schools was that TG continues to provide free default prevention tools and services as well as student financial aid and other important soft skill training.

Meeting End Time: 3:32pm

Scribe Name: Judith Cunningham

The next ***LSA Meeting is Thursday, May 27, 2010.***