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President Signs FY 1999 Omnibus Appropriations Bill

On October 21, 1998, the 105th Congress adjourned with the final passage of HR 4328, a law entitled "Making Omnibus Consolidated and Emergency Supplemental Appropriations for Fiscal Year 1999." The House passed the bill on October 20, 1998, by a 333-to-95 vote, and the Senate passed the bill on October 21, 1998, by a 65-29 vote. The President signed the legislation the next day.

HR 4328 combined FY 1999 appropriations bills for 12 federal agencies — Agriculture, Commerce, Justice, State, Judiciary, Interior, Labor, Health and Human Services (HHS), Education, Transportation, Treasury, and the Postal Service. It also provided supplemental and emergency funding for other ad hoc programs.

In general, FY 1999 appropriations provide funding for the student financial aid programs at levels that exceed FY 1998 levels and, in some cases, surpass the original budget proposals of both the Administration and Congress.

Funding for education is included under the appropriations package for the Departments of Labor, HHS, Education, and Related Agencies. Originally, the President had requested a total appropriation for Labor, HHS, and Education, including both discretionary and entitlement spending, of \$293.3 billion. In the end, Congress passed appropriations for Labor, HHS, and Education at just under \$292 billion, which

is still approximately \$20 billion over FY 1998 levels. Of the total, 70 percent is designated for mandatory (entitlement) spending.

Student Financial Aid Appropriations

In general, FY 1999 appropriations provide funding for the student financial aid programs at levels that exceed FY 1998 levels and, in some cases, surpass the original budget proposals of both the Administration and Congress.

The Federal Pell grant is raised \$125 from the FY 1998 level and set at \$3,125 for FY 1999. That represents a \$25 increase over the amount proposed in the President's budget proposal but is \$25 less than what had been proposed originally by the House Appropriations Committee. The Pell grant is expected to support 3.9 million financially needy students in FY 1999.

Both the Federal Work Study and Federal Supplemental Educational Opportunity Grant (FSEOG) are increased from FY 1998 levels. Appropriations for FSEOG are raised a modest \$5 million from last year to \$619 million. Federal Work Study, however, will get a \$20 million boost over FY 1998 to \$870 million. That is still \$30 million less than the President and Senate had proposed but higher than the House's original expectation.

The only Title IV program to suffer cuts was the Federal Perkins Loan Program, which came out with only \$130 million appropriated in new capital contributions, a \$35 million reduction

See APPROPRIATIONS on page 4



NEWLY REPORTED CLOSURES

TG SCHOOL ID#	SCHOOL NAME	SCHOOL ADDRESS	UNOFFICIAL CLOSURE DATE	ED'S OFFICIAL CLOSURE DATE
007294000	Heald College - School of Business	1000 Broadway, Ste. 290 Oakland, CA 94607-4040	N/A	07/09/98
003175000	Phillips University	100 S. University Enid, OK 73701-6470	N/A	07/31/98
011216000	Sibyl Beauty School	20783 13 Mile Rd. Roseville, MI 48066	N/A	08/01/98

Locating Information When You Need It on *TGWorks Online*

Are you anxiously awaiting the next copy of *Shoptalk* to read the latest Closed School Corner? Do you need to know when the next Lender and School Advisory meeting is? Have you misplaced your latest copy of the Addendum to Loan Consolidation? Would you like to know TG's response to the Year 2000 challenge?

If you answered yes to any of the above questions, then head for *TGWorks Online* — Texas Guaranteed Student Loan Corporation's (TG) web site for schools, lenders, and the general public. Because it provides information electronically rather than in paper form, the site can provide industry information more quickly than is often possible with paper versions.

TGWorks Online is grouped into seven sections, each containing a wealth of information.

About TG

Meet the TG Customer Services Team and submit an idea to ThinkBIG. To help meet your needs, the section also includes TG's Vision, a Corporate Overview, the Board of Directors, and the Corporate Directory.

News and Events

Read the latest news releases, up-to-date information such as recent interest rate changes, dates to remember, and information about upcoming events like the TASFAA Hotline. Coming soon — online registration for the January Symposium on Texas Legislative Proposals and for the TG Annual Conference in April.

Resources for Schools and Lenders

Download the most recent Claim Form, Preclaim Form, or Addendum to Loan Consolidation Application and Promissory Note in Adobe PDF. Place an online order for Stafford or PLUS loan applications preprinted with information about your organization. Get TG's latest information about TG Solutions and Tools to help simplify the financial aid process.

Resources for Families and Students

Link to resources of interest to families and students. Review student loan information with Student Loan Inquiry.

Publications

View TG publications before the printed version of the issue reaches your mailbox. *Shoptalk* is now offered in HTML and PDF formats. Find TG's *Annual Report*, special reports and brochures, as well as the widely used School and Lender Fact Sheets.

Human Resources

Locate information of interest to potential TG team members, including current job postings and a version of TG's job application in MS Word that may be downloaded, completed, and e-mailed to TG Human Resources.

Systems Development Project (SDP)

Catch up on the Year 2000 challenge. In this newest section, you'll find information about TG and the Year 2000, TG customer involvement, questions and answers, and an online feedback form.

Visit *TGWorks Online* at www.tgslc.org and discover a world of TG resources at your fingertips. ★

COMMON MANUAL UPDATES

INFORMATION ON REVISIONS TO THE COMMON MANUAL

Prepayments and Claim Documentation

Current *Common Manual* guidance requires the lender to document the borrower's instructions regarding the application of prepayments *in the claim file*. This requirement is not included in the common Claim Form and instructions endorsed by the FFELP guarantors. To align common policy with the provisions of the Claim Form and instructions, this requirement is eliminated for claims filed by the lender on or after March 1, 2000, unless implemented earlier by the guarantor. However, the guarantor may require the lender to provide documentation of any borrower request regarding the application of payments as part of a program review or to substantiate a claim in the event of a borrower dispute.

This change will be incorporated in subsection 7.8.B. of the *Common Manual*.

Summer Bridge Revisited

After a review of current industry practices, the FFELP guarantors have determined that some disparities exist in the way "summer bridge" extensions are processed. The guarantors have adopted a standard policy to promote more consistent treatment of borrowers who are enrolled through the end of the spring academic period and reenroll for the fall academic period.

A borrower who is enrolled through the end of the spring academic period and who qualifies for an extension of the in-school deferment on his or her loan may provide a written or verbal notice to his or her lender advising the lender of his or her intent to

reenroll for the fall academic period. The lender must document the borrower's request and the date on which the borrower anticipates the start of the fall academic period.

If the lender does not receive a notice from the borrower regarding his or her intent to reenroll for the fall academic period, but subsequently receives documentation of the borrower's in-school deferment eligibility for the fall period, the lender may retroactively process the summer bridge extension.

Subsection 7.10.B. of the *Common Manual* is being revised to reflect this change, which is effective for summer bridge extensions processed by the lender on or after January 1, 1999, unless implemented earlier by the guarantor.

Change to Preclaim Reporting Requirements

The recently published standard Preclaim Request Form, which is part of the Common Claim Initiative (CCI), included a requirement that lenders provide demographic information for PLUS dependent students for all loans with a first disbursement on or after September 1, 1998. Lenders and servicers have responded that this information currently is not collected and that efficient mechanisms are not yet in place to collect it.

In response to the lender community, the requirement is being revised. Lenders must provide the PLUS student's last-known complete address and telephone number, including information about the validity of each, *if that information is available*. This information must be provided for preclaim

requests filed by the lender on or after September 1, 1999, unless the new Preclaim Form and the policies implementing the new process are implemented earlier by the guarantor.

This change is being added to the "Information to be Provided for Preclaim Request" table, which appears at the end of chapter CCI 8. ★

New Database Lists Teacher Shortage Areas

On October 23, 1998, the Department of Education (ED) published a Dear Colleague letter listing the nationwide teacher shortage areas for the 1998-99 school year.

Also in October 1998, ED posted a letter, ANN-98-12, advising the financial aid community of a new database that lists low-income school and teacher shortage areas for loan cancellation and deferments for student loan borrowers. The teacher shortage areas for Texas can be easily accessed using this database. These lists have been added to ED's "Teacher Service Options" web pages found at www.ed.gov/studentaid. This site includes the ability to search by state, school name, or school district. ★

APPROPRIATIONS (Continued from page 1)

from last year. Still, the Perkins Program fared better than expected. The President and the Senate had proposed only \$90 million in new capital with the House recommending only \$30 million. The Perkins Program regained its funding only in the conference negotiations that worked out the difference between the House and Senate budget proposals.

Appropriations for the State Student Incentive Grants remain at \$25 million, equivalent to FY 1998 levels.

One provision that was added to the appropriations bill and sponsored by Texas Senator Phil Gramm is an amendment that will exempt students attending Texas public colleges and universities from paying Social Security and Medicare taxes.

Programs to Improve Higher Education Access

In addition to the student financial assistance programs, the appropriations process also funded a number of programs chartered by the Higher Education Act and other education legislation that provide funds directly to individuals, schools, and states targeted to improve access to higher education.

Funding for the TRIO programs to improve the preparation and success of under-represented and disadvantaged students in postsecondary education is increased \$70.3 million over the FY 1998 level and \$17 million over the President's request, bringing FY 1999 funding to \$600 million.

The Graduate Assistance in Areas of National Need program will get an extra \$1 million in FY 1999, bringing its funding to \$31 million.

Title III funding for Historically Black colleges and universities is increased from \$216 million to \$230 million.

Of special note is the 130 percent increase in funding for Hispanic Serving Institutions (HSI) from \$12 million in FY 1998 to \$28 million in FY 1999. (See the article on page 5 for more about applying for an HSI grant and the approaching deadline for 1999-2000 participation.)

The newly established Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP), which provides outreach, awareness, and mentoring for disadvantaged students, is funded at \$120 million.

Social Security Tax Withholding

One provision that was added to the appropriations bill and sponsored by Texas Senator Phil Gramm is an amendment that will exempt students attending Texas public colleges and universities from paying Social Security and Medicare taxes. Most states already have this exemption for students.

Another change, originally slated to be included in conference negotiations of the Higher Education Amendments but not included at that time, is a provision that will allow Sallie Mae to purchase a bank.

Questions

For questions concerning the appropriation funding for FY 1999, contact George Torres, Assistant Vice President for Governmental Affairs, at (800) 252-9743, ext. 4503, or send e-mail to george.torres@tgslc.org. ★

Year 2000 Information Needed

As organizations become more aware of the issues associated with the approaching millennium, information sharing with business partners becomes a valuable tool in addressing the Year 2000 (Y2K) challenge.

Texas Guaranteed Student Loan Corporation (TG) has made information regarding its Y2K efforts available in publications such as *Shoptalk* and has created a special web site for Y2K issues on *TGWorks Online* at www.tgslc.org.

In turn, TG is seeking information regarding your organization's Y2K efforts and asks that you complete and return to us the survey included in this issue of *Shoptalk*. Because the new millennium is almost upon us, we ask that you return your completed survey by December 31, 1998.

Please return completed surveys to:
Texas Guaranteed Student Loan Corporation
Attn: Melissa Rayburn
Year 2000 Coordinator
Mail Stop TDEV/T8-2
P.O. Box 201725
Austin, Texas 78720-1725.

You may also fax them to Melissa Rayburn at (512) 219-4634.

If your organization has an Internet web site that contains the information TG is requesting, or if you would like more information about TG's Y2K efforts, please contact Melissa Rayburn, TG's Year 2000 Coordinator, at (800) 252-9743, ext. 4688 or via e-mail at melissa.rayburn@tgslc.org. Your cooperation is appreciated. ★

Federal Register Notices: Request for Applications

Strengthening Institutions and Hispanic-Serving Institutions

The Department of Education (ED) published a Notice in the *Federal Register* on September 23, 1998, inviting schools to submit applications for Designation as Eligible Institutions for Fiscal Year 1999 for the Part A "Strengthening Institutions and Hispanic-Serving Institutions (HSIs) Programs." FY 1999 funding is \$28 million. The 1998 Reauthorization Amendments added language to Strengthening Institutions regarding authorized activities and endowment funds. Grants to schools are available on a competitive basis.

Schools of higher education must meet specific statutory and regulatory

requirements to be designated eligible to receive funds under the Strengthening Institutions and HSI Programs authorized under Part A of Title III of the Higher Education Act of 1965, as amended.

A school that is designated as an eligible school under those programs may apply for grants under those programs and may also receive a waiver of certain non-federal share requirements under the Federal Supplemental Educational Opportunity Grant and Federal Work-Study Programs. Qualified schools may receive these waivers even if they are not recipients of grant funds under the Strengthening Institutions or HSI Program. ED encourages early applications to be sent to ED by December 13, 1998.

Quality Assurance Program

ED published a Notice in the *Federal Register* on September 9, 1998, inviting schools of higher education that are not currently participating in the Quality Assurance Program, under section 487A of the Higher Education Act of 1965, as amended, to submit a letter of application to participate beginning with the 1998-99 award year. Schools that currently participate in the program may continue to do so without submitting new applications.

The *Federal Register* is available on ED's Information for Financial Aid Professionals web site at www.ifap.ed.gov. ★

Texas Efforts to Reach out to Families and Students

Various partners within the Texas financial aid community are combining their efforts in several upcoming projects to provide information to those who need it.

The Texas Association of Student Financial Aid Administrators (TASFAA) will conduct its annual TASFAA Financial Aid Hotline December 5-6, 1998, from 10 a.m. to 6 p.m. CST. The hotline gives families and students an opportunity to find answers to their financial aid questions simply by calling the toll-free hotline number (877) 7 TASFAA, or (877) 782-7322.

The Texas Association of College Admission Counselors (TACAC) will hold its 1999 College Information Hotline January 16-17, 1998, from 10 a.m. to 6 p.m. CST. By calling (800) 347-3475, families and students will be able to obtain general college information.

The Texas Awareness Initiative's College Financial Resources Task Force, made up of representatives from several Texas agencies, institutions, and associations, is creating the *College Financial Resources: A Directory for Texas Educators*. The directory will capture information about educational awareness

programs and services on the state and local level. The directory should be available for high school counselors and families in early spring 1999.

Questions

For questions about any of these events and services, contact TG Customer Support at (800) 252-9743, ext. 4444, or send e-mail to customer.services@tgsic.org. Information is also available on TG's website, *TGWorks Online*, at www.tgsic.org. ★

Disasters Affect Texas

Flooding and storm damage that occurred on September 9, 1998, and October 17, 1998, devastated several Texas counties. The Federal Emergency Management Agency (FEMA) designated numerous Texas counties as disaster areas because of the severe weather. The following chart lists the dates of the disasters and the counties affected by them.

As with all FEMA-declared disasters, the Department of Education encourages lenders to grant borrowers up to three months forbearance, based simply on a borrower's verbal or written request.

September 9, 1998

- Brazoria
- Galveston
- Harris

October 17, 1998

- Austin
- Bastrop
- Bexar
- Burelson
- Caldwell
- Calhoun
- Colorado
- Comal
- DeWitt
- Fayette
- Ft. Bend
- Goliad
- Gonzales
- Guadalupe
- Harris
- Hays
- Jackson
- Karnes
- Montgomery
- Refugio
- Travis
- Victoria
- Waller
- Wharton
- Wilson ★

Declared Disaster Data

The Department of Education (ED) published several notices about areas that the Federal Emergency Management Agency has declared to be natural disaster areas. ED's current disaster-related forbearance policy should be applied to certain borrowers who reside in counties in the following areas:

Date of Disaster	Disaster Letter #	Disaster Area	Reason
September 9, 1998	98-98	Texas	Flooding
September 20, 1998	98-100	Puerto Rico	Hurricane
September 25, 1998	98-101	Florida	Hurricane
September 20, 1998	98-102	U.S. Virgin Islands	Hurricane
September 26, 1998	98-103	Alabama	Hurricane
September 26, 1998	98-104	Mississippi	Hurricane
September 28, 1998	98-105	Louisiana	Hurricane
September 26, 1998	98-106	Mississippi	Hurricane
September 26, 1998	98-107	Mississippi	Hurricane
September 26, 1998	98-108	Alabama	Hurricane
October 4, 1998	98-109	Missouri	Flooding
October 1, 1998	98-110	Kansas	Tornadoes and Flooding
September 26, 1998	98-111	Mississippi	Hurricane
September 26, 1998	98-112	Alabama	Hurricane
Began in March 1998 and still continuing	98-113	Washington	Landslide
July 10, 1998	98-114	Missouri	Flooding and Storm Damage
October 17, 1998	98-115	Texas	Flooding and Storm Damage
October 17, 1998	98-116	Texas	Flooding and Storm Damage ★

Start Planning Now for "Team Up for 2000"

Now's the time to plan on teaming up with your colleagues in the financial aid community at another exciting, informative TG Annual Conference. The 1999 conference, "Team Up for 2000," will be held at the DoubleTree Hotel in Austin on April 7-9. Take advantage of the helpful sessions, find out the latest information, and

make direct contact with those who share your goals.

For additional information, please contact TG Customer Services at (800) 252-9743, ext. 4665. Additional instructions and registration materials will be coming your way soon. ★

Update — New Edit Criteria for Application Reject Processing

In the October edition of *Shoptalk*, Texas Guaranteed Student Loan Corporation (TG) advised schools and lenders of an upcoming enhancement to the Loan Guarantee Processing System (LGPS) mainframe to improve customer service and decrease application reject volume. TG is proud to announce that the modifications to the mainframe were completed ahead of time.

Effective November 5, 1998, significant enhancements to the loan guarantee edit process were implemented within LGPS. The mainframe now includes new NSLDS secondary matching edit criteria for name and date of birth discrepancies. The new edit criteria compares incoming applications to TG's existing person record allowing applications with certain name and date-of-birth discrepancies to guarantee without reject. In addition, the system automatically

changes the borrower's last name on TG's person record when the social security number is an exact match and other specified name and date-of-birth conditions are met.

Questions

For questions about the new edit process, contact Nancy Miller, Assistant Manager of LGO, at (800) 252-9743, ext. 4774, or send an e-mail message to lgo.helps@tgsllc.org. ★

Clarification: Increased Unsubsidized Limits for Health Professions Students

The Department of Education (ED) published Dear Colleague letter (GEN-98-23) dated October 1998, in order to clarify institutional eligibility criteria for the awarding of increased amounts of unsubsidized loans under the Direct Loan and FFEL programs for certain Health Professions students.

ED received a number of questions about a statement in Dear Colleague Letter GEN-98-18 (see *Shoptalk* 86) that restricted school eligibility to schools that had participated in HEAL during FY 1995 and had not subsequently *withdrawn* from the HEAL program. This statement makes a distinction between a school not having participated in HEAL during FY 1995 and having withdrawn since FY 1995.

Clarification

A school that participated in HEAL during FY 1995 (made disbursements from the HEAL program during the period of October 1, 1994, through September 30, 1995) and did not officially withdraw or had not been terminated from the HEAL program after FY 1995 remains eligible *even if it had stopped making HEAL disbursements after FY 1995*.

Information collected from the Department of Health and Human Services indicates that only 14 schools have withdrawn or been terminated from the HEAL Program since FY 1995, and 12 of those schools did not participate in HEAL during FY 1995. Therefore, only two schools are affected by the requirement that a school

must not have withdrawn from HEAL subsequent to FY 1995. Other schools that made HEAL Program disbursements during FY 1995 remain eligible regardless of their subsequent HEAL activity (or non-activity) since they did not withdraw or were not terminated from the HEAL program.

Questions

For questions about school eligibility for awarding increased amounts of unsubsidized loans for certain Health Professions students, contact Vanessa Freeman, ED, at (202) 708-8242, or send e-mail to vanessa.freeman@ed.gov. ★

Return Service Requested

Shoptalk is published by Texas Guaranteed Student Loan Corporation (TG). Unless specifically noted, the policies and procedures outlined in *Shoptalk* apply only to loans made under TG's guarantee and not to loans underwritten by other guarantors.

Questions about the articles in *Shoptalk* should be addressed to:

Customer Services

**Texas Guaranteed Student
Loan Corporation**

P.O. Box 201725, Austin, Texas 78720-1725
(800) 252-9743 • (512) 219-5700
(512) 219-4560 speech and hearing impaired
www.tgslc.org

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Chat Night to Answer Questions about Financial Aid Process

Students planning to attend a college or university next fall can receive answers to their financial aid questions and assistance with the Free Application for Federal Student Aid (FAFSA) during a December 2, 1998, Chat Night event on *Mapping Your Future* (mapping-your-future.org).

This live interactive event, the second in the 1998-99 series, is scheduled for 6-8 p.m. CST. Financial aid experts from around the country will provide advice and answer questions from students and parents about the financial aid process and completing the FAFSA.

On the evening of the Chat Night, anyone with Internet access can join in the Chat by going to mapping-your-future.org and selecting the Chat session. Simple instructions will guide visitors in joining the event.

Other special Chat Night events scheduled during the coming year include:

- March 3, 1999 — Careers, internships, and summer jobs; and
- June 16, 1999 — College and career planning for non-traditional students.

If you are a financial aid professional and are interested in serving as a counselor for

any of the upcoming Chat Night events, please contact Catherine Mueller by e-mail at cathy.mueller@tgslc.org or by voice mail at (417) 649-0357 or by voice mail at (800) 252-9743, ext. 4539. ★



Texas Guaranteed Student Loan Corporation Year 2000 Questionnaire

Organization name: _____

Completed by: _____
(signature)

Completed by: _____
(please print)

Date completed: _____

1. Does your organization have a Year 2000 (Y2K) compliance plan in place? Yes No

If Yes, what is your target date for completion? _____

If No, when will one be developed? _____

2. Please identify the appropriate contact at your organization for Y2K questions?

Contact name: _____

Title: _____

Address: _____

City, State and ZIP: _____

Telephone: _____

Fax: _____

E-mail: _____

3. Are your organization's data processing systems presently capable and tested to process date data between the 20th and 21st centuries accurately, including leap year calculations? Yes No

If No, are you successfully meeting scheduled compliance deadlines and milestones identified in your Y2K plan? Yes No

If No, what is your target date for Y2K compliance? _____

4. At what stage are your Y2K efforts? (Check as many as apply.)

- Assessment
- Remediation
- Testing/certification
- Implementation

5. Have you developed back-up or contingency plans for your core business processes in the event disruptions occur with the change in the century? Yes No



Texas Guaranteed Student Loan Corporation

Year 2000 Questionnaire *(continued)*

6. Have you established manual processes in the event that your automated systems are not functional? Yes No

7. What standard are you using for date representation? (Check as many as apply.)

Century indicator

Four-digit year

Fixed window

Century cutoff year: _____

Sliding window

Offset year(s): _____

Offset from fixed base date

Base date (MM/DD/YY): ____/____/____

Base date limit (MM/DD/YY): ____/____/____

Other _____

8. Have you established specific Y2K compliance testing criteria for your software systems? Yes No

If Yes, what method of testing are you using? _____

If No, when do you expect to begin testing? _____

Complete testing? _____
(date)

Please fax your completed survey by December 31, 1998 to Melissa Rayburn at (512) 219-4634 or mail it to:

Texas Guaranteed Student Loan Corporation
Attn: Melissa Rayburn
Year 2000 Coordinator
Mail Stop TDEV/T8-2
P.O. Box 201725
Austin, Texas 78720-1725

If you would like more information, please contact Melissa Rayburn, TG's Year 2000 Coordinator, at (800) 252-9743, ext. 4688 or via e-mail at melissa.rayburn@tgsllc.org. Your cooperation is appreciated.