

IN THIS ISSUE:

- TG's Student Loan Default Rate Continues to Decline 1
- Closed School Corner
- Poverty Guidelines Update 2
- TG Technology Update
- *Shoptalk* Survey Results Summarized 3
- The WebShop
- *Common Manual* Updates 4
- School Fact Sheet Time in Texas
- *Go Electronic* Campaign Going Strong
- Second Winner Announced 5
- *Access Denied* Report Released by ACSFA 6
- Student Financial Aid in Texas
- Spring TUG Meeting Scheduled for April 7
- Passport to Success 8

TG's Student Loan Default Rate Continues to Decline

According to preliminary information issued by the U.S. Department of Education for fiscal year (FY) 1999, the draft student loan default rate for Texas Guaranteed (TG) is 7.03 percent. This rate is more than a two-percentage point reduction from FY 1998 when TG's default rate was 9.4 percent and more than a 23 percentage point reduction from 1990, when TG's default rate peaked at 30.8 percent.

This year's default rate figures represent over 99,100 student loan borrowers in repayment status, with less than 7,000 in default. This reduction in the default rate is important because it demonstrates that more borrowers are responsibly managing their student loans. TG has actively implemented multiple default prevention efforts to further reduce its borrower default rate.

"Our default prevention efforts are working, and borrowers are honoring their obligations to repay their student loans," said Milt Wright, TG President and CEO. "This benefits all of us. Each dollar repaid reinforces the integrity of the Federal Family Education Loan Program, reassuring future generations of continued access to their educational and career dreams."

As the guarantor to 82.7 percent of the student loan market in Texas, TG, along with its business partners, has successfully reduced its default rate through the implementation of several default prevention efforts, including:

- TG's Default Prevention Team, which provides solutions to assist borrowers in managing their student loan debts so that they can meet their financial obligations.

The Team counsels borrowers in the use of deferments, forbearance, flexible repayment options, and loan consolidation. Many student loan borrowers who have had questions or concerns about paying back their loans have discussed their options with one of TG's Default Prevention Counselors.

- The Council for the Management of Educational Finance, a Texas-based consortium of financial aid professionals established in 1997, which has been working to develop and carry out innovative default aversion strategies and debt management tools. Sixteen seasoned professionals representing eight institutions of higher learning and eight lender/servicer organizations comprise the Council's membership, whose efforts are supported by TG.

- Achieving Systemic Default Aversion (ASDA), a program unveiled by TG in FY 1998 that provides a comprehensive plan designed to offer technical assistance and support services to Texas institutions of higher education. ASDA helps these institutions establish, strengthen, and implement default management plans.

"Through our efforts with programs such as our Default Prevention Team, the Council, and our ASDA program, we will continue our significant role in further reducing our default rate and that of schools who participate in the program," said Wright. ★



NEWLY REPORTED CLOSURES

TG SCHOOL ID#	SCHOOL NAME	SCHOOL ADDRESS	UNOFFICIAL CLOSURE DATE	ED'S OFFICIAL CLOSURE DATE
022965000	Master Institute	50 Airport Pkwy. Suite 8 San Jose, CA 95110-1011	N/A	03/06/2001
007931000	Pacific Travel Trade School	3807 Wilshire Blvd. – 3rd Floor Los Angeles, CA 90010-3101	N/A	12/09/2000

Poverty Guidelines Update

The Department of Health and Human Services has updated the United States federal poverty guidelines in the *Federal Register* dated February 16, 2001. The 2001 poverty guideline figure for a family of two is \$11,610 for the 48 contiguous states and the District of Columbia. In Alaska, the figure is \$14,510, and in Hawaii, the figure is \$13,360.

The poverty guideline is one qualifier that may be used in determining a borrower's eligibility for an economic hardship deferment. The Economic Hardship Deferment Request form (HRD) and the accompanying worksheets have been revised

to reflect the 2001 figures. Schools and lenders should immediately discard all previous versions of the HRD form and disseminate only the updated version. If a lender receives an earlier version of the HRD form, the form may still be processed. However, the lender must use the new poverty guideline figures when determining eligibility on or after February 16, 2001.

The HRD form is available by calling Texas Guaranteed's (TG's) Customer Support Forms Coordinator at (800) 252-9743, ext. 4546. The form is also available on *TGWorks Online* at www.tgslc.org/tgslc/frms_def.htm.

More Information and Questions

For more information about the updated poverty guidelines, visit the U.S. Department of Health and Human Services web site at <http://aspe.os.dhhs.gov/poverty/01poverty.htm>.

For questions about the poverty guidelines or the HRD form, contact TG Customer Services at (800) 252-9743, ext. 4444, or send an e-mail message to customer.services@tgslc.org. ★

TG Technology Infrastructure Update

Texas Guaranteed (TG) recently shared with its Lender and School Advisory Committees a summary of the components of TG's technology infrastructure. These technological systems and upgrades, which are fully supported by teams of specialists who focus on customer needs, work together to help meet the requirements for maintaining the information that is so vital to TG's student loan partners.

The information focuses on the following aspects of TG's efforts:

- A comprehensive technology architecture plan to support TG's three-year strategic business plans;
- A business continuity plan dedicated to ensuring that, in the event of a building or local area disaster, the corporation's operations and systems are recoverable and services will be available to TG customers;
- A new Cisco-based Fortune 1000 cutting-edge network installed during mid-February 2001;
- A systems life-cycle policy to ensure that TG's application server and desktop equipment is current when acquired and cycled out of service within two-to-three years, dependent upon device;
- A primary and secondary firewall to ensure Internet accessibility and data security in the event of a failure;
- Research into acquiring a second Internet Service Provider (ISP) to eliminate the negative business impact of any failure or degradation in service of a single ISP;
- An upgrade to TG's mainframe processor during the fall of 2000 to an IBM Multiprise 3000 running IBM's OS/390 operating system that nearly doubled the mainframe's processing speed; and
- A fully redundant telecommunications system that provides continuity of service in the event a line is severed or otherwise incapacitated.

The complete summary is available on *TGWorks Online* at www.tgslc.org/tgslc/lsatechupdate.htm. ★

Shoptalk Survey Results Summarized

Last fall, Texas Guaranteed (TG) Communications conducted a *Shoptalk* reader survey. TG is pleased that respondents reported an overwhelmingly positive view of the newsletter.

Success, Quality, and Features

When looking at *Shoptalk*'s success and quality, the respondents ranked *Shoptalk* as doing either an exceptional or very good job through the following results:

- Providing reliable information – 97 percent;
- Providing current, timely information – 92 percent;
- Providing information the respondents are interested in reading – 89 percent;
- Writing and design quality – 89 percent; and
- Overall success – 92 percent.

The survey also asked readers to identify which features of *Shoptalk* they read most frequently. The articles most often read by the respondents are those that help them understand regulatory and industry issues, such as articles explaining *Federal Register* updates, *Dear Colleague* letters, student loan processes, and upcoming events and initiatives. The regular *Common Manual* updates proved to be equally popular.

Positive comments also accompanied the survey responses including “Very reliable resource” and “*Shoptalk* is among the best publications that I regularly read.”

Thanks for Responding

To show TG's appreciation to those who responded, TG awarded three prizes to randomly selected respondents. Mary Estella Vasquez from Texas A&M University in Corpus Christi, LaTasha Jackson from the University of Houston's Downtown campus, and Pam Fortner from West Texas A&M University received TG merchandise as their prizes.

Suggestions

The survey also solicited suggestions for making the publication more valuable. Some respondents requested more frequent issues and others expressed a desire to have *Shoptalk* available on the web.

TG is pleased to say that each issue of *Shoptalk* is available on the web in easy-to-print PDF as well as in HTML. The online version is usually available more than a week before the print version arrives by mail. To find an archived list of issues, visit *TGWorks Online* at www.tgslc.org and select Publications and *Shoptalk*.

In addition, if you are interested in finding out when issues of *Shoptalk* are available online, you're encouraged to sign up for

TG NetWorks, TG's bi-monthly electronic newsletter. Future enhancements to *TG NetWorks*, including more frequent issues, are in the works.

To subscribe to *TG NetWorks*, visit *TGWorks Online* at www.tgslc.org and select Subscribe.

Questions and More Information

For questions and more information about *Shoptalk*, *TG NetWorks*, or any of TG's publications, contact TG Communications at (800) 252-9743, ext. 2878, or send an e-mail message to communications@tgslc.org. ★

THE WEBSHOP

INTERNET RESOURCES REFERENCED IN THIS ISSUE

The Web addresses listed below refer to the online information mentioned in this issue of *Shoptalk*.

Hardship Deferment Request form on *TGWorks Online*

www.tgslc.org/tgslc/frms_def.htm

More information about the updated poverty guidelines

<http://aspe.os.dhhs.gov/poverty/01poverty.htm>

TG Technology Infrastructure Update

www.tgslc.org/tgslc/lsatechupdate.htm

Archived list of *Shoptalk* issues

www.tgslc.org/tgslc/shoptalk/index.htm

The Integrated *Common Manual* on *TGWorks Online*

www.tgslc.org/tgslc/schools/integrated_online_manual.htm

School Fact Sheets

www.tgslc.org/tgslc/schlfs/

Access Denied report

www.ed.gov/offices/AC/ACSFA/access_denied.pdf

Information about Advisory Committee on Student Financial Assistance

www.ed.gov/offices/AC/ACSFA/

State of Student Financial Aid in Texas

www.tgslc.org/tgslc/publications/reports/sosfa.pdf ★

COMMON MANUAL UPDATES

INFORMATION ON REVISIONS TO THE COMMON MANUAL

Note: Current *Common Manual Updates* (Updates) and an integrated version of the *Common Manual* (integrated version) are available on *TGWorks Online* under “Schools & Lenders.” By posting Updates and the integrated version online, TG offers its customers access to new policies shortly after the *Common Manual* Governing Board approves them.

If you want to be notified each time Updates and a revised integrated version are posted online, you can join TG’s electronic news service, *TG NetWorks*. To join, go to *TGWorks Online* at www.tgslc.org, click “Subscribe,” and complete the online form.

School and Program Eligibility at Additional Locations

The *Common Manual* has been revised to include Final Rules concerning the addition of school locations. When a school adds a licensed and accredited location that offers at least 50% of an educational program, the school must report to the Department before delivering Title IV funds to eligible students attending the added location. Reporting consists of submitting an electronic application that provides specific information about the added location and other required documentation. Further information on these requirements can be found in 34 CFR 600.20 and in *The Federal Student Financial Aid Handbook*, Institutional Eligibility and Participation. In addition, after reporting, a school must have approval from the Department before it can deliver

Title IV funds to eligible students attending the added location if it meets any of the following criteria:

- The school is provisionally certified.
- The school is on the reimbursement or cash monitoring system of payment.
- The school has acquired the assets of another school that provided educational programs at that location during the preceding year, and the other school participated in Title IV programs during that year.
- The school would be subject to a loss of eligibility due to its cohort default rate if it adds the location.
- The school has been notified by the Department that it must apply for approval of an additional location.

Affected Sections: 4.1.C.

Effective Date: School locations added on or after July 1, 2001

Basis: Final Rules published in Part IX of the *Federal Register*, pages 65662-65676, dated November 1, 2000; §600.20 and §600.21

Policy Information: Reference 485

Guarantor Comments: Schools are reminded to notify each applicable guarantor and the Department in writing within 10 days when adding a location.

Electronic Notification When Crediting a Student’s Account

If a school credits a student’s school account with Stafford or PLUS loan proceeds, the school is required to notify the

student or parent borrower. This notice may be written or electronically transmitted. *Common Manual* policy has been revised to state that if the notice is sent electronically, the school must confirm receipt of the notice by the student, or parent borrower in the case of a PLUS loan, and must maintain documentation of that confirmation. Methods by which a school could confirm receipt include, but are not limited to, electronic confirmations or receipts automatically generated by the school’s e-mail system. Previous guidance stated that the school had to require the student, or parent in the case of a PLUS loan, to confirm receipt.

Affected Sections: 6.3.C.

Effective Date: Electronic notifications sent by the school on or after July 1, 2001

Basis: Final Rules published in Part IX of the *Federal Register*, pages 65662-65676, dated November 1, 2000; §668.165(a)(3)(ii)

Policy Information: Reference 486

Guarantor Comments: None. ★

School Fact Sheet Time in Texas

Ah, springtime in Texas! For some, spring means straining one's eyes for that first glimpse of bluebonnets along the roadside. Others enjoy their first dip in a favorite swimming hole. But alert student aid professionals mark the transition in seasons by the arrival of the updated School Fact Sheets.

This trusty reference puts information at the fingertips of students, student loan officers, financial aid administrators, legislative staff, government officials, and the news media. With data gleaned from Texas Guaranteed's (TG's) databases, state agencies, and the federal government, the School Fact Sheets present information

about Texas colleges and universities in a handy, compact book. The reader will find statistics about student aid, college costs, enrollment, cohort default rates, loan volume trends, and the lenders providing loans to students at each college.

Printed copies of the 2000 School Fact Sheets will be mailed to TG's business partners by the end of March. You can soon access online versions of the updated School Fact Sheets before the printed versions arrive on your desks. To navigate to the online School Fact Sheets, begin at *TGWorks Online* (www.tgslc.org) and click on "Publications." The online School Fact Sheets offer a print-friendly option (PDF)

and a web-friendly version (HTML). The HTML School Fact Sheets include a complete list of lenders doing business at a school (as opposed to just the top ten found in the PDF option). This extended lender list is updated on a monthly basis.

Questions

For questions about TG's School Fact Sheets, or to obtain a paper copy of the School Fact Sheets, call Jeff Webster, TG Director of Research and Policy Analysis, at (800) 252-9743, ext. 4504, or send an e-mail message to jeff.webster@tgslc.org. ★

Go Electronic Campaign Going Strong

It's not too late to join the many paper *Common Manual* users who have decided to support additional grants for students by either giving up their paper *Common Manual* and using an electronic version or agreeing to print the annual update on site.

Texas Guaranteed (TG) has pledged half the cost savings realized from no longer having to print, package, and mail the *Common Manual* to the TG Grant Program.

Texas Guaranteed (TG) has pledged half the cost savings realized from no longer having to print, package, and mail the *Common Manual* to the TG Grant Program. As a result, Texas students could receive up to \$9,000 in additional grants for higher education.

Since the *Go Electronic* campaign began, monthly downloads of the integrated *Common Manual* have increased from 668 to 1,551. TG is pleased to see that

customers are checking out, and using, the online manual in large numbers. If you haven't already done so, now's the time to visit the integrated *Common Manual* at www.tgslc.org/tgslc/schools/integrated_online_manual.htm and make your decision about whether you really need to receive a paper copy of the *Common Manual*. To date, more than 71 percent of campaign respondents have chosen to *Go Electronic*.

Plan to visit the Integrated *Common Manual* booth at the TG Conference for a demonstration of the Manual and attend our training session to learn tips and tricks for online searches. For a comprehensive review of the integrated *Common Manual*'s features, see the *Go Electronic* articles in the January and February 2001 editions of *Shoptalk*. ★

Second Winner Announced

Congratulations to Jo Himes of Brazos Higher Education Service Corporation in Waco. She is February's winner of a \$20 restaurant gift certificate.

Jo is one of 124 paper *Common Manual* subscribers who responded to TG's call to *Go Electronic*. The 124 recipients and the organizations that they represent were receiving a total of 373 paper manuals. Retaining only 108 paper copies, they decided to *Go Electronic* by giving up 265 copies!

You can be March's gift certificate winner by making the decision to *Go Electronic*. If you have not yet returned your campaign form, please do so by fax to (512) 219-2849. If you need to request another form or have questions, contact Darron Grussendorf at (800) 252-9743, ext. 4589. ★

Access Denied Report Released by ACSFA

In February 2001, the Advisory Committee on Student Financial Assistance (ACSFA) released a report entitled *Access Denied: Restoring the Nation's Commitment to Equal Educational Opportunity*. The report focuses on the current and impending access issues facing growing numbers of low-income students pursuing postsecondary education.

The report focuses on the current and impending access issues facing growing numbers of low-income students pursuing postsecondary education.

Goals and Obstacles

The report outlines goals that must be met to “bring about long-lasting improvement in educational and economic opportunity for low-income Americans.” ACSFA was established by the Higher Education Amendments of 1986 as an independent source of advice and counsel to Congress and the Secretary of Education on student financial aid policy.

In *Access Denied*, ACSFA reports that previous obstacles to postsecondary education access for low-income students — poor academic preparation, lack of high-quality and timely financial aid information, and a cumbersome aid application process — are no longer the barriers they once were. Regarding academic

preparation, the report states that even those students who must take modest numbers of remedial courses graduate at comparable rates to those students who require no remediation. Concerning the early availability of financial aid information, the report points out that such awareness information is helpful only if future aid adequately satisfies unmet financial need. In those cases, the report asserts, “Excessive levels of unmet need make early information about financial aid a double-edged sword.” Finally, the report mentions that the Department of Education has significantly simplified the Free Application for Federal Student Aid, so the application process itself should not be a hindrance for students.

High Unmet Need

The Committee asserts that high unmet need is the only significant access barrier for low-income students. According to the report, by 2015, college enrollment of 18- to 24-year-old students will increase by 1.6 million and “a disproportionate number of these students will be low-income and a greater percentage of this generation will be well prepared for college.”

Committee Suggestions

This translates into even more qualified students who will be unable to pay for college unless significant changes — such as those advocated by the Committee

below — are made in order to “renew the nation’s access strategy.” The Committee suggests that:

- The nation’s longstanding access goal must be reinstated and federal student aid policy refocused on dramatically reducing current levels of unmet need.
- Need-based grant aid must be increased for low-income students by reversing the current policy focus on middle-income affordability and merit.
- The Title IV programs — number, structure, effectiveness — must be reaffirmed as the nation’s long-term solution to solving the access problem.
- Access partnerships between the federal government, states, and institutions must be rebuilt to leverage and target aid to low-income students.

Some of these proposals may generate a lively discussion of the federal government’s role in higher education and where resources should be directed.

More Information

To access ACSFA’s report, *Access Denied*, go to www.ed.gov/offices/AC/ACSFA/access_denied.pdf. For more information about ACSFA itself, visit www.ed.gov/offices/AC/ACSFA/. ★

Report Provides Overview of Texas Student Financial Aid

Did you know that the total cost of attendance at a four-year public university in Texas is only 2 percent less than the national average? Did you know that the State of Texas provides only \$131 in state grants per enrolled student, while some other states provide substantially more grant funds to students? Are you aware that the federal cohort default rate in Texas has dropped more than 8 points over the most recent six years of published rates?

Texas Guaranteed's (TG's) report entitled *State of Student Financial Aid in Texas* provides a wealth of information concerning aid in the Lone Star State. Presented in a reader-friendly format, the report offers a series of one-page insights into how student aid in Texas compares to other

highly-populated states and to the rest of the nation. The report has been received favorably by state legislators who now face several important bills relating to financial aid.

The report contains summaries and data regarding several aspects of financial aid in Texas. Major categories include the following:

- Educational Attainment
- Paying for College in Texas
- Grant Aid for Texas Students
- Student Debt in Texas
- Texas Guaranteed Student Loan Program
- Defaults in Texas Decline

Members of the educational and lending communities also may be interested in

the information in the report, which is available in PDF on *TGWorks Online* at www.tgslc.org/tgslc/publications/reports/sosfa.pdf.

Questions

For questions about TG's *State of Student Financial Aid in Texas*, call Jeff Webster, TG Director of Research and Policy Analysis, at (800) 252-9743, ext. 4504, or send an e-mail message to jeff.webster@tgslc.org.

To obtain a paper copy of the report, call TG Communications at (800) 252-9743, ext. 2878, or send an e-mail message to communications@tgslc.org. ★

Spring TUG Meeting Scheduled for April

It's time to make your plans to attend the spring 2001 Texas Guaranteed (TG) Users Group (TUG) Meeting. Things are a bit different this year with the meeting scheduled for 8:30 a.m. on April 25, 2001, the first day of the TG conference. (In years past, the meeting was held on the afternoon of the last day of the annual conference.)

TUG meetings offer a time for TG customers to share information and questions with TG and their partners in the student loan community.

TUG meetings offer a time for TG customers to share information and questions with TG and their partners in the student loan community. It is an

excellent opportunity for school and lender representatives to learn from others who use TG products and services.

The following agenda offers an overview of the major topics to be covered in the spring meeting, which will be held at the Austin Marriott at the Capitol:

- | | |
|-------------|------------------------------------|
| 7:30-8:30 | Continental Breakfast |
| 8:30-8:45 | Welcome |
| 8:45-9:00 | Live with Tim and Blanca |
| 9:00-9:30 | TG Update |
| 9:30-10:00 | TUG ListServ and Web Page Updates |
| 10:00-10:15 | Break |
| 10:15-10:30 | Coffee Talk |
| 10:30-11:30 | AdvanTG™ 3.0 Reports |
| 11:30-12:00 | Open Forum Discussions and Closing |

Registration materials were mailed to the TUG membership in February. Those wishing to attend are asked to fax their registration forms to Sheila Casey at (512) 219-4525.

Questions and More Information

For questions and/or more information about TUG or the spring 2001 meeting, contact Sheila Casey at (512) 219-4576, or (800) 252-9743, ext. 4576, or send an e-mail message to sheila.casey@tgslc.org. ★

Return Service Requested

Do You Have Your Passport to Success?

Hundreds of members of the student loan community are anxious to depart on the Texas Guaranteed (TG) 2001 Annual Conference excursion. "Passport to Success... Around FFELP in Three Days" will transport its passengers on a three-day journey around the world of the Federal Family Education Loan Program (FFELP).

As is true every year, the 2001 conference offers adventurous opportunities for those in attendance to spend time with others in the financial aid and lending communities. Austin is fabulous in the spring, and those attending the conference will have a chance to join their fellow travelers in making the most of the area's sites, food, and festivities. A good example of those festivities is this year's scheduled entertainment event, a visit to Dell Diamond to watch the Round Rock

Express take on the Tulsa Drillers on Thursday evening. More information about this event and other information about Austin will be available when attendees sign in at the conference.

The conference will be held at the Austin Marriott at the Capitol on April 25-27, 2001. (The annual spring TG Users Group Meeting is also scheduled for Wednesday morning. See the article on page 7 of this issue of *Shoptalk* for more details.)

To find out more about the conference sessions and training events planned for your journey, or to register online, visit *TGWorks Online* at www.tgslc.org and click on the "Annual Conference" link under "TG Today."

Bon voyage! ★

SHOPTALK

**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

Shoptalk is published by Texas Guaranteed (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.

To ask questions about the articles in *Shoptalk*, subscribe or order additional copies, please contact Communications at (800) 252-9743, ext. 2878 or communications@tgslc.org

Contributors to this month's edition:

Sheila Casey	Kelly Kaelin
Andrés Cordero	Laura Lavergne
Valerie Gonzalez	Heather Vaughan
Darron Grussendorf	Jeff Webster

Edited by TG Communications and Policy and Regulatory Affairs. Designed by TG Communications.

Online copies of *Shoptalk* are available at www.tgslc.org.