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FEDERAL UPDATES

ED Seeks Nominations for Spring 2002 Negotiated Rulemaking

ED announced in the December 5, 2001, *Federal Register* that it will hold negotiated rulemaking (Neg Reg) sessions in spring 2002. ED is also soliciting nominations of individuals to participate in the negotiations.

There will be two negotiating committees: one addressing student loan issues, the other dealing with other program issues. ED is accepting nominations for participation on the negotiating committees through December 19, 2001, and requests that nominated persons represent individuals or organizations that have in their population key stakeholders in student financial assistance programs.

During this Neg Reg, ED intends to address proposals that would streamline current federal student financial assistance program regulations, without requiring statutory amendments, while maintaining or improving program integrity. Many of the proposals derive from concerns submitted by the student financial aid community in response to the Fed.Up initiative sponsored by the House Subcommittee on 21st Century Competitiveness of the Education and Workforce Committee.

What is Neg Reg?

Since 1992, federal law requires ED to obtain the advice and recommendations of organizations affected by regulatory topics before creating regulations. Negotiated rulemaking is the process that has evolved to fulfill this statutory requirement.

Generally, ED establishes committees to address specific regulatory topics. A committee is composed of representatives from the financial aid community who have experience with the assigned topics. For example, a guarantor (like TG) is more likely to participate on a committee dealing with student loan issues and less likely to participate on a committee dealing with grant or work-study issues. In the December 5 announcement, ED is soliciting nominations for participation on these committees.

Each committee holds three to five negotiating sessions, lasting several days each. At the sessions, the negotiators (including ED), under the mediation of an independent facilitator, discuss issues and draft proposed regulations. There will be three sessions during the spring 2002 Neg Reg.

After the negotiations, the regulations that the committees propose are offered to the financial aid community for comment. After assessing the comments, ED publishes the final rules, or final regulations, in a *Federal Register* along with their implementation dates.

Thus, Neg Reg provides a forum for all financial aid program participants to have a voice in creating regulations.

Questions

For questions regarding negotiated rulemaking, call TG Customer Assistance at (800) 845-6267 or send an e-mail message to cust.assist@tgscl.org.

2003 Interest Rate Problem: The Problem and Possible Solution

There's been a lot of talk for the past few months about the 2003 interest rate problem. What's it all about? Is there really a problem? Is there a solution?

The Background

The saga started over eight years ago with the Student Loan Reform Act of 1993. This act changed the way Stafford and PLUS loan interest rates would be calculated for loans originated beginning July 1, 1998. It also changed the instrument used to determine interest rates from a Treasury bill (T-bill) to a "comparable maturity" (CM) instrument.

The Clinton Administration believed that the newly created Federal Direct Lending Program would quickly dominate student lending and subsequently replace the FFELP. It was anticipated that by 1998 only a few lenders would still remain in the FFELP and that they would quickly drop out of the program because of decreased revenue due to the change in interest rate calculations.

However, by 1998, three factors combined to postpone implementation of the new interest rates:

- The FDLP had not gained the lion's share of the market, as anticipated. It had gained only about one-third of the market and had long since lost its initial momentum.
- Because the FFELP continued to play such an important role in funding higher education, the FFELP community was successful in making the case that elimination of the FFELP would severely reduce access to higher education for millions of students.
- Lastly, the political environment in Washington, D.C., had changed significantly since 1993. Congressional support for the FFELP had strengthened in the face of significant improvements in the Program by the FFELP participants.

As a result, the 1998 implementation of these provisions was delayed until July 1, 2003.

The Problem

As stated above, lenders maintain that under provisions now scheduled to take effect in 2003, the return on student loans potentially could decline to a level below the cost of funds on loans. Many FFELP lending institutions believe that in such a situation they would be forced to leave the program, leading to a lack of availability of FFELP loan funds.

A solution to the problem is needed soon. The FFELP industry has to raise more than \$24 billion to fund FFELP loans every year. The bond issuances and other financing used to raise this money are only possible if it is clear that the student loan program is stable. The process involved in raising these funds in the bond market is a complicated and lengthy one. If the problem is not resolved quickly, funds may not be secured in time for the 2003-2004 school year.

The Possible Solution

Recently, key players in Congress, lenders, and school and student groups have agreed on a permanent solution. The fix involves retaining the current T-bill formulas for borrower interest rates until 2006, at which time they would convert to a fixed rate of 6.8 percent for Stafford loans and 7.9 percent for PLUS loans.

Now that an agreement has been reached, this fix can be introduced and moved through the legislative process. Recent comments by Congressional staff in both Houses of Congress and across party lines provide hope that this issue will be resolved before the current session of Congress ends in about two weeks.

Questions

For questions regarding the 2003 Interest Rate Problem, call TG Customer Assistance at (800) 845-6267 or send an e-mail message to cust.assist@tgslc.org.

Perkins Prom Note Corrected

ED has announced corrected versions of the new Perkins Loan Program and National Direct Student Loan (NDSL) promissory notes that were recently released in Dear Partner Letter CB-01-13. (See *Shoptalk Online*, Edition 132, for more information about the substantive changes to the new note.) The corrected versions, which are attachments to more recently released CB-01-15, fix a few typographical errors and contain the appropriate Office of Management and Budget (OMB) control number: 1845-0061.

To access CB-01-15 and the correct versions of the Perkins and NDSL promissory notes, visit the IFAP web site at www.ifap.ed.gov/dpccletters/CB0115.html.

Closed School Corner

NEWLY REPORTED CLOSURES

TG SCHOOL ID#	SCHOOL NAME	SCHOOL ADDRESS	UNOFFICIAL CLOSURE DATE	ED'S OFFICIAL CLOSURE DATE
023184000	New Image Careers	301 S. Main St. Corbin, KY 40701	N/A	10/26/2000

Note: All students completed their training at the time of closure.

TG UPDATES

2002 TACAC Hotline to Include Online Chat

On Saturday and Sunday, January 19 and 20, 2002, the Texas Association for College Admissions Counseling (TACAC) and LoanSTAR Educational Loans will conduct a College Information Hotline at LoanSTAR's headquarters in Bryan, Texas.

As in years past, the hotline will offer families and students an open invitation to call a toll-free number—(800) 347-3475—to find answers to financial aid and admissions questions. Again in 2002, financial aid, admissions, and counselor volunteers will be on hand throughout the weekend to use their expertise to provide those answers.

The 2002 hotline will also offer an added bonus: an *Adventures In Education* online chat, which will expand access to the valuable information offered through the hotline. Anyone with Internet access can join the chat event by going to www.AdventuresInEducation.org. Once on the site, visitors who select the chat session will be guided to the live event.

Additionally, LoanSTAR will award a \$500 scholarship to one lucky caller each day of the Hotline event.

More Information and Questions

Adventures In Education is a public service web site sponsored by TG that delivers free education and financial aid awareness information to families and students. For questions about the chat event, contact Michelle Enriquez at (800) 252-9743, ext. 4675, or send an e-mail message to michelle.enriquez@tgslc.org.

For questions about the hotline, contact Debbie Perez at (979) 845-3741 or e-mail Andrea Schrock at marketing@loanstar.com.

Additions to AdvanTG™ Manual Offer Help with Reports and Change Transactions

TG has added two new easy-to-use sections to the AdvanTG 3.0 Manual—the Change Transaction Addendum and the Report Addendum—to help users get the most out of the AdvanTG reporting and change transaction functions.

Change Transaction Addendum

The Change Transaction Addendum incorporates the information that was originally offered in the change transaction “cookbook” distributed at TG's Annual Conference in April 2001. It includes a screen shot of each Change Transaction window along with an explanation of the required data for each. In addition, the reference offers a list of TG's OnLine Access function codes and a list of available Change Transaction Reports.

Reports Addendum

In addition to basic instructions for creating reports through AdvanTG, the Reports Addendum provides summary information about each report, including screen shots of the windows through which users set up their report criteria and details about the following items:

- Selection Type;
- Report Type;
- User (school, lender, or both);
- Content/Purpose;
- Suggested Run; and

- The required settings for each screen shot shown.

The Reports Addendum also includes a sample of each report type.

More Information and Obtaining Your Copy

The addenda were originally distributed at the November TG Users Group meeting. They are designed to be inserted into the three-ring binder users received with the original AdvanTG 3.0 Manual.

Users who have not yet received copies of the Change Transaction Addendum and the Reports Addendum can request them by contacting Joyce Henderson at (800) 252-9743, ext. 4546 or by sending an e-mail message to joyce.henderson@tgsllc.org.

TG Presenters Share Expertise at Fall Training Conference

Several TG team members participated as session presenters and moderators at the 2001 National Council of Higher Education Loan Programs (NCHELP) Fall Training Conference in November in Salt Lake City, Utah. NCHELP represents a nationwide network of guaranty agencies, secondary markets, lenders, loan servicers, collectors, schools, and other organizations involved in the administration of the Federal Family Education Loan Program.

TG takes an active role in NCHELP activities and typically has several representatives presenting at NCHELP conferences. This year, Rinn Harper, Assistant Vice President of Claims, was the conference co-chair. TG also provided assistance on sessions covering a variety of topics, including default prevention, disaster relief, teacher loan forgiveness, and electronic standards.

The following TG team members contributed to the success of this year's Fall Training Conference:

- Michelle Anderson, Senior Policy Advisor, Policy and Regulatory Affairs—"The *Common Manual e-Collection*: Faster, Higher, Stronger"
- Phillip Cervin, Assistant Vice President, Collections—"National Database for New Hires is a Winner"
- Jacob Fraire, Assistant Vice President, Educational Alliances and Partnerships—"Going for the Gold: Innovations in Default Prevention and Debt Management"
- Rinn Harper, Assistant Vice President, Claims—"Cross-Country Claims: An Endurance Event Like No Other"
- Laura Kowalski, Senior Policy Advisor, Policy and Regulatory Affairs—"Regs 101 – The Sport of Student Loans" and "Beyond September 11th: Implementation of Disaster Relief"
- Kyle Smith, Assistant Vice President, Loan Guarantee Operations—"Fanfare for CommonLine Release 5"
- Sam Wilson, Assistant Vice President, Customer Assistance—"Teacher Loan Forgiveness – Teaching for the Gold!"

Materials from all of the conference sessions will be posted this month on NCHELP's web site at www.nchelp.org/events/past_events/Training_2001/Fall%20Agenda.htm.

TRENDS & ISSUES

Crime Data, Other Information Help Students Make Decisions about School Selection

For the second year in a row, the Department of Education has compiled and posted data of on-campus crime statistics for more than 6,000 postsecondary schools throughout the nation. The information is available online from the Office of Postsecondary Education (OPE) site at <http://ope.ed.gov/security/>.

The OPE site contains a searchable database of information. Families and students seeking crime statistics for various campuses can enter criteria relating to location, institution type, instructional programs, and the number of students enrolled. Visitors who prefer to do so can also enter the name of a specific institution and even choose to limit their search to those institutions eligible to participate in Title IV aid programs.

The search results include general information about the selected institution, information about the institution's security office, and specific information about local and on-campus crime statistics relating to criminal offenses, hate offenses, and arrests. The crime statistics pertain to calendar years 1999 and 2000.

Additional Helpful Information

Following the September 11 attacks, the difficulty of selecting a school that meets a student's educational needs along with his or her need for feeling safe on campus has been magnified. But in addition to crime statistics, families should consider various other factors when making decisions about school selection.

To help students make the right decision, families and students can expand their search for information online beyond the OPE site. A good place to start is *Adventures In Education* (www.AdventuresInEducation.org).

The High School section of the site includes detailed information about finding the right school at www.adventuresineducation.org/HighSchool/hs_find.htm. The section offers an informative introduction and several helpful categories:

- Types of Schools,
- Choosing a School, and
- A Day in the Life of a College Student.

The Internet Resources section of AIE (www.AdventuresInEducation.org/Resources/Internet.html) also offers links to other sites that deliver helpful information when searching for a school that meets a particular student's needs.

More Information and Questions

Students who are interested in making informed decisions about postsecondary education can also sign up for AIEmail (www.AdventuresInEducation.org/Subscribe/index.cfm), a free weekly electronic newsletter that keeps students informed about the various factors that affect their education after high school.

For questions about AIE, contact Michelle Enriquez at (800) 252-9743, ext. 4855 or send an e-mail message to michelle.enriquez@tgslc.org.

LEGISLATIVE REPORT

The December 3 edition of TG's *Legislative Report* includes articles about the court-approved redistricting plan for Texas, the first annual Texas Higher Education Star Awards, a joint economic committee report about tax reduction and economic benefits, and an FY 2002 appropriations update. Read the entire issue at www.tgslc.org/tgslc/publications/lege_report/2001/lr_011203.htm.

THIS, THAT, AND THE OTHER

According to a recent report issued by the American Council on Education (ACE), over the decade of the 90s, annual federal student loan volume and the annual number of loans made more than doubled. According to ACE's report, entitled "Student Borrowing in the 1990s," however, for those students who complete their programs and who borrowed to finance their education, their "debt levels remain reasonable." To access the report, visit www.acenet.edu/resources/reports/student_borrow_90s.pdf.

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

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