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FEDERAL UPDATES

Poverty Guidelines Update

The Department of Health and Human Services (HHS) has updated the United States federal poverty guidelines in the *Federal Register* dated February 14, 2002. The 2002 poverty guideline figure for a family of two is \$11,940 for the 48 contiguous states and the District of Columbia. In Alaska, the figure is \$14,930, and in Hawaii, the figure is \$13,740.

Economic Hardship Deferments

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 2002 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 14, 2002.

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

More Information and Questions

For more information about the updated poverty guidelines, visit the HHS web site at <http://aspe.os.dhhs.gov/poverty/02poverty.htm>.

For questions about the poverty guidelines or the HRD form, contact TG Customer Assistance at (800) 845-6267 or send an e-mail message to cust.assist@tgslc.org.

TG UPDATES

Edufacts™—March 2002

Our March *Edufacts* illustrates that Texas students rely more heavily upon the federal government for student aid than do most students nationwide. Most of this aid comes in the form of student loans, which are less effective than grants in removing financial barriers, especially among low-income families. While loans in Texas comprised 68 percent of all student aid in AY 1998-99, nationally, loans accounted for 59 percent of student aid.

Edufacts is available each month from TG and illustrates studies and surveys conducted by TG and other educational organizations. High resolution files suitable for publication in school or lender internal newsletters, student newspapers, or other publications are available as a free download from TG's web site at www.tgslc.org/tgslc/newsroom/edufacts/index.htm.

More Information

For more information, contact Kristin Boyer at kristin.boyer@tgslc.org.

A Day in the Life...The Series Continues

Shoptalk Online continues its series this month by venturing into the next stage in the life of a loan. The series began with the Awareness Phase and showed how students and parents become aware of financial aid. Those who pursue loans to supplement their financial aid package now move on to the Origination Phase. At TG, Loan Guarantee Operations begins the loan process.

Originating the Loan

For TG customers, whether they are a borrower, school, lender, or servicer, Loan Guarantee Operations is the starting place in helping students get their loan money. Here are some of the ways that this team helps its customers get through the loan origination process:

- By providing a foundation based on experience in the loan guarantee process and student financial aid industry.
- By fixing exceptions quickly and expertly.
- By handling borrowers' concerns with understanding and patience.

Setting the Standard

Loan Guarantee Operations strives always to set the standard by providing great service to its customers. Here are some of the ways in which the team raises the bar:

- By setting very high standards for itself, finding new ways to utilize its expertise, resources, and tools.
- By helping to match products and services to customers' changing needs.

- By seeking expertise from multiple teams throughout TG to give the best possible assistance to its customers.
- By communicating effectively to its customers and its internal partners at every turn in the loan guarantee process.

More Knowledge

Now, find out more about Loan Guarantee Operations from Nancy Miller, Assistant Manager. She shares what it takes to get a loan guaranteed and the knowledge base that borrowers, schools, and lenders draw on to move successfully through the process by linking to www.tgslc.org/tgslc/shoptalk/2002/st147/st14709.htm.

TRENDS AND ISSUES

Return of Title IV Funds Q&A

- Q. What is the difference between a “refund” and a “return of Title IV funds”?
- A. A refund is the money a student receives from the school when he or she drops a class or withdraws within a time frame, determined by the school, that entitles the student to a refund. The amount of a refund is the difference between the amount the student paid toward institutional charges and the amount the school can retain under its refund policy.
- Return of Title IV funds (also known as RT4), on the other hand, is the process by which a school calculates the amount of federal funds to be returned for a Title IV aid recipient who withdraws during a payment period or period of enrollment. The two terms are often used interchangeably but are two distinct concepts.
- Q. If a lender disburses a loan check to the school for a student who has already withdrawn, how are those funds handled in the RT4 calculation?
- A. The true test that the school should apply is the following—if the school would have been permitted to deliver the funds to the student on the day that the student withdrew, then the funds should be included in the calculation as aid that “could have been disbursed.” For example, if a school is subject to the 30-day delayed disbursement rule, and a first-year, first-time borrower withdraws on day 15, then those funds should not be included in the RT4 calculation as aid that “could have been disbursed.” However, if that same student withdrew on day 31, then the funds should be included as aid that “could have been disbursed.” Therefore, it doesn’t really matter whether the lender has disbursed the loan check to the school or not—if this test is applied, then the school can determine how to treat the funds within the RT4 calculation.
- Q. For the purposes of RT4, what is the status of a financial aid check that was issued before a student withdrew but that the student has yet to pick up?
- A. These funds are considered “disbursed.” They were disbursed when the check was cut in the student’s name and became available for the student to pick up. At that time, the student was enrolled and the check constituted a credit balance. When the school completes the RT4 calculation, if the withdrawn student received more funds than he or she earned and owes an overpayment of grant funds, the school has several options, which include advising the student of the availability of the credit balance to resolve the overpayment. If the student doesn’t owe an overpayment, then the student can still come pick up the check, within applicable cash management time frames, and use the money for his or her own needs.

- Q. When a student's post-withdrawal disbursement consists of grant funds only, must the school notify the student?
- A. If the grant funds are used to pay outstanding institutional charges, then no notification is required. If there is a credit balance, however, as with any type of aid, a notification must be sent to the student offering him or her the post-withdrawal disbursement, according to RT4 regulations.

It should be noted that if the post-withdrawal disbursement consists of loan funds, then the school must notify the student or parent (for PLUS), even when the funds are used to pay outstanding institutional charges, according to cash management regulations. The notification must give the student/parent the option to cancel all or a portion of the loan.

More Information

For more information, the RT4 federal regulations are located in 34 CFR 668.22. In addition, the *Student Financial Aid Handbook* (Volume 2, Institutional Eligibility) provides guidance in Chapter 6, Return of Title IV Funds. ED also issued Dear Partner Letter GEN-00-24 on the subject of RT4, available at www.ifap.ed.gov/dpclatters/gen0024.html.

MYF Gets a New Look, Plans Relocation

If you haven't seen it yet, you might want to take this chance to visit the new and improved *Mapping Your Future* (www.mapping-your-future.org) (MYF). The new design has been live since Monday, March 18. It features enhanced navigation, new graphics, and additional content. The goals of the redesign are to:

- Give the site a fresh look
- Retain brand identity
- Improve the navigation on the site
- Avoid changing any web addresses or instructions for online counseling

The final redesign is a result of the efforts of the redesign team, which worked for a year to get to this final version. The site will be posting a survey to get feedback and encourage any comments or suggestions.

Site Relocation

In addition to the site redesign, MYF is working on a relocation scheduled for after 5 p.m. on both Friday, March 29, and Saturday, March 30. (These dates are still tentative at this time.)

MYF may be temporarily unavailable during this relocation and the site will post an outage message if necessary. The goal is to implement relocation during low usage times and minimize downtime as much as possible.

Although the site will always be maintained by an organization of guaranty agencies and supported by guaranty agencies, the relocation is part of MYF's move to becoming an independent organization, while adding new equipment and enhancing technical innovation. The new web-hosting environment will allow MYF to implement new equipment and explore new collaboration opportunities.

More Information or Questions

For more information about the redesign or relocation or for other questions about MYF, contact Cathy Mueller at cathy.mueller@mapping-your-future.org.

LEGISLATIVE UPDATE

March 21 *Legislative Report*

TG's March 21 *Legislative Report* includes an article about a bill that would expand student loan forgiveness for certain teachers and another about confrontations relating to the 2003 federal budget. Read the articles online at www.tgslc.org/tgslc/publications/lege_report/2002/lr_020321.htm.

March 14 *Legislative Report*

TG's March 14 *Legislative Report* includes an article about the 2003 budget resolution and two additional articles relating to the budget, one offering information about the increase in the projected deficit and the other offering a summary of some "views and estimates" from some key committees. Read the articles at www.tgslc.org/tgslc/publications/lege_report/2002/lr_020314.htm.

THIS, THAT, AND THE OTHER

ED's Student Financial Assistance (SFA) office has changed its name to "Federal Student Aid (FSA)," effective March 6, 2002. Deputy Secretary of Education William Hansen announced the name change during a speech at ED's Student Financial Assistance Spring 2002 Conference.

In his speech, Hansen said, "We are not the national financial aid office...most of the financial aid in this country does not come directly from the Federal government." The name change comes, he stated, from a narrowed focus to the office's core responsibilities. To access the full speech, go to www.ed.gov/Speeches/03-2002/20020306.html.

ED has also made the change from SFA to FSA on its web site. To see the revised site, visit www.ed.gov/offices/OSFAP/Students/.

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