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FEDERAL UPDATES

Relief Continues for TRA School Reporting

On April 29, the Internal Revenue Service (IRS) issued proposed rules for comment on school reporting of qualified tuition and related expenses. The proposed rules concern the Taxpayer Relief Act of 1997, which established the Hope and Lifetime Learning Credits. These credits allow students or parents to claim up to \$1,500 of qualified tuition and related expenses as a credit against their tax liability.

If enacted, the proposed rules would take effect beginning in 2004 with the reporting of qualified tuition and related expenses for the 2003 tax year. As proposed, the rules simplify the reporting requirements under the Act, which have never been fully implemented with respect to the types of information schools are required to report to the IRS.

Requirement Eliminated: Dependent Student Reporting

The rules propose to eliminate the requirement that schools report the name, address, and taxpayer identification number of any person who intends to claim a student as a dependent in order to use the tax credit. Though the IRS has never put this mandate into effect, schools have been concerned with the issue due to the complexity involved in collecting the information.

Reporting Options

A second simplification would offer schools the option of reporting, for each student, either the aggregate payments of qualified expenses received in a calendar year or the aggregate amount of qualified expenses billed in a calendar year. This change is to ensure that schools are able to meet the reporting requirements with their current accounting and computing systems.

Other Modifications

The rules offer several other modifications to the reporting requirements, including exceptions for non-degree seeking students in noncredit courses and students whose expenses are waived or paid with scholarships.

More Information

The IRS is accepting comments through July 29, 2002. Read the *Federal Register* notice that includes the proposed rules, background, explanations of the rules, and how to submit comments to the IRS, online at http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=2002_register&docid=02-9932-filed.pdf.

TG UPDATES

A Day in the Life...the Series Continues

In this ongoing series, *Shoptalk Online* has previously examined TG's role in the Awareness, Origination, and Interim phases in the life of a loan. In part one of a two-part article, the series continues this month, with a focus on the part that TG's Default Prevention plays in the next loan phase—Repayment.

Part one touches on Default Prevention's borrower counseling, pre-delinquency, and Achieving Systemic Default Aversion initiatives. In an upcoming issue of *Shoptalk Online*, part two of this article will share even more successes of this team, including its efforts to promote TG's default prevention message to schools and the community and to increase default prevention education and industry partnering.

At TG, the Default Prevention team works closely with schools, lenders, servicers, and borrowers to deal with repayment issues professionally and sensitively. The team uses a number of resources at its disposal to find dynamic and sometimes creative methods to keep borrowers from defaulting on their student loans, help lenders get borrowers back into repayment, and aid schools in keeping their cohort default rates low.

The bottom line is that Default Prevention helps borrowers to help themselves, with whatever means necessary to get them back on track.

Dynamic Resources

Using a variety of approaches, Default Prevention strives to keep loan default out of the equation by providing:

- Expert counseling
- Default aversion assistance
- Support that goes above and beyond the norm
- Pre-delinquency assistance
- Tracking of borrower trends
- Tracking of other trends internally and in the student lending community

Working Together

Working together with a number of TG teams and external partners, Default Prevention is carving out a model for borrowers to help themselves pay back their loans and enjoy the benefits of their education.

More Information

Now, find out more about TG’s default prevention efforts from Shelia Dunlap, Assistant Vice President, TG Default Prevention, and learn what it takes to provide default aversion by linking to www.tgslc.org/tgslc/shoptalk/2002/st156/st15609.htm#life.

LEGISLATIVE UPDATES

The May 21 edition of TG’s *Legislative Report* includes updates on the FY 2002 Supplemental Appropriations Bills from both the House and Senate and an article about HR 4678—the Consumer Privacy Protection Act of 2002. You can read the entire report online at www.tgslc.org/tgslc/publications/lege_report/2002/lr_020521.htm.

THIS, THAT, AND THE OTHER

The National Center for Education Statistics (NCES) has recently released the results of a study that concludes that students who are awarded Pell grants have a higher probability of graduating than those who do not receive such aid. In its report, “Persistence and Attainment of Beginning Students with Pell Grants,” the NCES took a look at first-time college freshmen during a specific academic year, and followed their progress to see which students—among those who received a Pell grant and those who didn’t—were still in college three years later.

To access the report, visit the NCES web site at <http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2002169>.

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