



IN THIS ISSUE:

FEDERAL UPDATES

- **ED RELEASES FY 2000 COHORT DEFAULT RATES 1**
- **LARS DOCUMENTATION DEADLINE APPROACHES; TRAINING AVAILABLE SOON 3**

TG UPDATES

- **TG, TEXAS NAACP CO-HOST COLLEGE PLANNING WORKSHOP 4**
- **TELECONFERENCE: STUDENT LOAN FORGIVENESS AND EMPLOYEE REPAYMENT 4**

TRENDS AND ISSUES

- **JOBGUSHER™ TO HOST ONLINE JOB FAIR FEATURING PART-TIME JOBS 5**
- **DETERMINING COST OF ATTENDANCE (COA): QUESTIONS AND ANSWERS 6**

THIS, THAT, AND THE OTHER 6

FEDERAL UPDATES

ED Releases FY 2000 Cohort Default Rates

The Department of Education (ED) plans to mail the fiscal year (FY) 2000 official cohort default rates (CDRs) to schools on September 3, 2002. Additionally, once Secretary of Education Rod Paige announces the availability of the rates in an upcoming press release, the FY 2000 official CDRs will be available at <http://www.ed.gov/offices/OSFAP/defaultmanagement/cdr.html>. Currently, the 1999 CDRs are posted on this site.

As many of you are aware, ED changed its previous cohort default information publication process when it released the August 2001 “Cohort Default Rate Guide” (Guide). ED’s Default Management team no longer sends a Guide to schools with their cohort default rates. The August 2001 Guide, received by schools with their FY 1999 official cohort default rates in September 2001, is considered the final paper release.

You can download a copy of the Guide (or parts thereof) at <http://ifap.ed.gov/drmaterials/FinalCDRG.html>. You can also contact EDPUBS (ED’s service to identify and order publications and products) to request a hardcopy version of the Guide at 1-877-4EDPUBS or <http://www.ed.gov/pubs>. Please note that updates to this publication will be reflected only at <http://ifap.ed.gov/drmaterials/changelog.html>. Therefore, periodic review of the site is recommended for maintaining an up-to-date version of the Guide. Several changes were posted on IFAP this month at <http://www.ifap.ed.gov/eannouncements/0712CDRChangePage.html>.

In addition, as mentioned in *Shoptalk Online* Edition 168, two important loan disbursement provisions related to cohort default rates are scheduled to expire on September 30, 2002. These provisions allow schools whose three most recent official cohort default rates were less than 10 percent to:

- deliver or disburse loans in a single disbursement for any period of enrollment that is not more than one semester, quarter, trimester, or four months, and
- waive the requirement that loan proceeds of first-year, first-time borrowers be withheld for 30 days.

Consequences of Cohort Rates

Schools with official cohort default rates of 25 percent or greater for the three most recent fiscal years (FY 1998, FY 1999 and FY 2000) will lose FFEL, Direct Loan and Pell Grant Program eligibility, unless those schools successfully appeal the eligibility loss. Schools that were not participating in the FFEL or Direct Loan Program on October 7, 1998, and have not participated in those programs since that time, are exempt from the loss of Pell Grant Program eligibility.

Schools with official FY 2000 cohort rates that exceed 40 percent are also subject to loss of eligibility to participate in the FFEL and Direct Loan Program, unless the schools successfully appeal the eligibility loss. However, these schools will not lose eligibility to participate in other Title IV programs based on a single cohort default rate over 40 percent.

Cohort Rate Appeals and Adjustments

Schools may appeal official FY 2000 cohort default rates based on allegations of incorrect data, improper loan servicing and collection, and/or exceptional mitigating circumstances as described in federal regulations and the Guide. As in the past, appeals based on incorrect data and improper loan servicing of FFELP loans must be submitted to the school's guarantor(s) within specified time frames to permit the school's continued eligibility while the appeal is pending. Appeals regarding exceptional mitigating circumstances must be submitted by schools directly to ED. Appeals of Direct Loans are also submitted directly to ED.

Schools also may be eligible to submit an Uncorrected Data Adjustment or a New Data Adjustment based on official FY 2000 cohort rates. The Guide explains the procedures, time frames and other requirements for submitting these requests for adjustment.

Schools are advised to send cohort appeals to TG's Compliance Administrative Operations, at the corporate mailing or overnight shipping address, as appropriate.

TG's mailing address:

Texas Guaranteed
Attn: Compliance Analyst
P. O. Box 201725
Austin, Texas 78720-1725

Address for overnight delivery services:

TG Distribution Center
Attn: Compliance Analyst
2929 Longhorn Blvd., Suite 106
Austin, Texas 78758

Loan Record Detail Report

All schools with FY 2000 cohort rates of 10 percent or greater should receive a Loan Record Detail Report (LRDR), along with ED's notification of the official cohort rate. If a school does not receive its report at that time, or wishes to request the Loan Record Detail Report in an electronic format (also known as the eLRDR), the school may request a FY 2000 official eLRDR through ED's NSLDS web site at www.nslsdfap.ed.gov. For more details about the eLRDR, visit <http://www.ifap.ed.gov/eannouncements/0211Draft2000eLRDR.html>.

Questions

For questions about the FY 2000 official cohort default rate appeal procedures, contact Ken Johnson at (800) 252-9743, ext. 4701, or send an e-mail message to ken.johnson@tgsic.org.

LaRS Documentation Deadline Approaches; Training Available Soon

The deadline for lenders to submit documentation required to participate in the new Lender Reporting System (LaRS) is fast approaching. Lenders must send three items (listed below) to ED by September 13, 2002, in order to begin using LaRS on its upcoming launch date, October 1.

What Is LaRS?

LaRS, sometimes called the e799, is the electronic version of the ED 799 form, which lenders submit on a quarterly basis to report:

- Loan origination fees and lender fees relating to the disbursement of new FFELP loans,
- Claims for interest and special allowance benefits, and
- Summarized loan activity information.

This revised reporting process will allow more than 4,000 FFELP lenders and servicers to complete and submit billings through a more timely and efficient electronic means. It will also facilitate ED's ability to receive payments faster than through the current process.

Documentation Required to Participate

In order to have access to LaRS by October 1 (in order for lenders to use LaRS for the reporting period ending September 30, 2002), lenders must send the following to ED's office of Federal Student Aid (FSA) by September 13:

- A signed, hardcopy Organization Participation Agreement (OPA). This document serves as the legal agreement between ED and the lender, servicer, and/or trustee. The purpose of the OPA is to eliminate the need for the submission of a paper form containing a signature each quarter when the data for the quarterly invoice is submitted electronically. This document must be on file at FSA prior to the submission of electronic quarterly invoices to ED.
- A Lender Application Process (LAP) application. This form is being used as a basis for current FFELP lenders and servicers to verify and update their demographic information that feeds into LaRS.

The lender must provide and/or verify the following information, much of which is already contained in the system, through the online LAP application:

- Lender contact name
- Phone number
- Mailing and e-mail addresses
- Associated guaranty agency(ies)
- Associated servicer(s)
- Lender ID number(s)
- Bank account and routing information
- A Financial Management System (FMS) Security Form. This document identifies the individuals who will actually be using the LaRS application.

All three of these documents are available on the Financial Partners web site at <http://www.fp.ed.gov/PORTALSWebApp/fp/fms.jsp>.

LAP/LaRS Training

FSA University Learning Management System will be providing training on the new LaRS system in September 2002. Check www.fp.ed.gov for upcoming details about the training.

Questions

For answers to questions regarding the new LaRS system, send an e-mail to FSA_LR@ed.gov.

TG UPDATES

TG, Texas NAACP Co-Host College Planning Workshop

TG and the Texas NAACP co-hosted a college planning workshop on Saturday, August 24, at Austin Community College's Eastview Campus. Over 40 students and family members attended the free event. The day's activities included a formal program featuring the Honorable Wilhelmina Delco, former Texas legislator, who spoke on the value of higher education.

COSTEP's Mobile Educational Resource Vehicle (MERV) was on hand for students to complete scholarship searches and find admissions and financial aid information online.

The workshop is the result of a partnership between the Texas NAACP and TG. This partnership was formalized at the 2002 TG Conference in April by the signing of a Memorandum of Understanding between the two groups. Both organizations have agreed to work collaboratively to remove obstacles to education beyond high school for African Americans, and to increase the number of African American students who complete a postsecondary education.

TG and the Texas NAACP plan to host similar events throughout Texas in the coming year. For more information on hosting an event in your area, contact TG Educational Alliances and Partnerships at (800) 252-9743, ext. 2865, or send an e-mail to richard.sapp@tgslc.org.

Fall Teleconference: Student Loan Forgiveness and Employee Repayment Programs

Following the success of TG's last telephone conference on Negotiated Rulemaking, TG is offering a chance for the financial aid community to focus on another timely topic this fall: Student Loan Forgiveness and Employee Repayment Programs.

The teleconference will include discussions of teacher and childcare forgiveness programs for Stafford borrowers as well as a few employee benefit programs, such as the Federal Student Loan Repayment Program, that are offered by employers. Presenters for this teleconference include Sam Wilson, TG's Assistant Vice President of Customer Assistance, and Steven Smith, TG's Assistant Vice President for Strategic Planning.

Teleconference Details

The fall telephone conference is scheduled for Thursday, September 26, 2002, from 2-3 p.m. (Central). The presentation will be followed by a questions and answers session.

This event is free of charge and open to unlimited participants from any institution. Please submit any questions in advance to Sheila Casey at sheila.casey@tgsdc.org to ensure that your specific questions are answered. Registrants will receive a web address where they can review materials related to the topic prior to the telephone conference.

Participation

To register and obtain further details, contact Premiere Teleconferencing at (800) 289-0579 and reference confirmation number 462649. On Thursday, September 26, 2002, registrants should call (800) 474-8920 promptly at 1:50 p.m. and again reference the confirmation number.

TRENDS AND ISSUES

JobGusher™ to Host Online Job Fair Featuring Part-Time Jobs

While most students are sharpening their pencils for the beginning of the school year, others plan on sharpening their skills by working part-time. Students looking for part-time work during the fall can turn to JobGusher™ for assistance. JobGusher will host an online job fair featuring part-time jobs for students on September 9-22, 2002.

JobGusher is a student-focused online job recruitment service dedicated to connecting students and recent graduates with full-time and part-time entry level positions, internships, seasonal employment, and other career opportunities.

At the Online Job Fair, students can view all participating employers and available positions by visiting www.JobGusher.com and clicking on the ticket in the upper right-hand corner. Jobseekers can decide which positions to apply for on the spot, and apply immediately electronically. For employers, participation in the Online Job Fair improves exposure and access to job seekers without the high costs usually associated with traditional job fairs.

After visiting the Online Job Fair, students can return to the JobGusher home page, click on "Find a Job," and conduct an expanded search for other opportunities in their area, such as full-time positions and internships.

There is no cost for job seekers to attend the Online Job Fair. To participate, they simply need to visit www.JobGusher.com anytime from September 9 through September 22.

Employers wishing to participate must be registered JobGusher employers. For more information on exhibiting, contact customer@jobgusher.com.

More Information

For more information on JobGusher, visit www.JobGusher.com or call 1-866-JOB-GUSH. JobGusher is a service of Education Assistance Services Inc., a subsidiary of Texas Guaranteed (TG).

Determining Cost of Attendance (COA): Questions and Answers

The following questions and answers pertain to a school's determination of a student's cost of attendance (COA).

Q: Does a school include a student's or parent's loan fees in the COA?

A: Yes. According to the *Common Manual*, subsection 5.7.E, "The COA must include origination and guarantee fees associated with each Stafford or PLUS loan for which the student or parent borrower has applied." A school may also include the fees required for nonfederal student loans (that is, loans that must be considered resources for the student when packaging aid).

Q: May a school treat the COA of a student who is taking courses via telecommunications differently from that of other students?

A: No. According to the Higher Education Act of 1965, as amended, for a student receiving all or part of his or her instruction by means of telecommunications technology, the school must not make any distinction with respect to the mode of instruction in determining the student's cost of attendance (Section 472). However, the law also allows a financial aid officer (FAO) to use professional judgment on a case-by-case basis to reduce a student's financial aid if the FAO determines that telecommunications instruction results in a substantially reduced cost of attendance (Section 484).

Q: Can a school include the cost of a computer in a student's COA?

A: Yes. According to the Higher Education Act of 1965, as amended, a school may include "a reasonable allowance for the documented rental or purchase of a personal computer." (Section 472) The "reasonable allowance" is determined by the school.

Q: What are the COA components for an incarcerated student?

A: An incarcerated student's COA, according to the *Student Financial Aid Handbook*, Volume 1 (Student Eligibility), Chapter 7, "is limited to tuition and fees and required books and supplies." Incarcerated students are eligible for Supplemental Educational Opportunity Grants and Federal Work-Study, but are not eligible for any federal loans. In addition, a student can't receive a Pell Grant if he or she is incarcerated in any federal or state penal institution.

THIS, THAT, AND THE OTHER

A recent column featured on cbs.marketwatch.com offers the following tips for parents of first-year college students:

- Work up an in-school budget before the school year starts.
- Look for checking accounts with free ATM access on-campus.
- Set up the student's checking account with on-line access so parents can monitor balances or request duplicate monthly statements to be sent.
- Use pre-paid phone cards or consider a cell-phone plan with unlimited evening and weekend use.

Simple tasks, such as encouraging children to work summer jobs and engaging them in long discussions about the perils of credit debt can go a long way towards avoiding unnecessary financial losses.

For more useful tips for parents sending their children off to college for the first time, review "Parental aid: Offering financial support, guidance to college-bound kids" by Ray Martin. The article is accessible at <http://cbs.marketwatch.com>.

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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@tgscl.org.

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