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Federal updates

ED releases new *FSA Handbook* for 2003-04

The latest complete version of the *Federal Student Aid Handbook (FSA Handbook)* is now available on the Web. ED has been releasing all of the volumes as separate portable document files (PDFs) as they were approved. Last week, the last of the 2003-2004 volumes was released.

What it is

The *FSA Handbook* provides guidance to schools and lenders that offer student financial assistance to students and borrowers. It is updated annually by the Department.

Where to get it

TG has consolidated all of the *FSA Handbook* volumes together into one easy-to-use, searchable PDF. The file contains bookmarks showing all of the individual volumes and the chapters and subheadings within each volume, to help you zero right in on the information you need. To access this practical research tool, visit *TG Online* at www.tgslc.org/resources/fsa_handbook.cfm.

Questions

For questions about the *FSA Handbook*, contact TG customer assistance at (800) 845-6267 or send an e-mail message to cust.assist@tgslc.org.

Meteor wins best practices award

The Meteor Project has won a 2002 Best Practices Award from the Postsecondary Electronic Standards Council (PESC). The award was presented last week at the PESC Annual Conference to Tim Cameron of the National Council of Higher Education Loan Programs (NCHelp) on behalf of the Meteor Advisory Team. PESC Best Practices Awards recognize organizations or individuals that have made a concerted effort to design and implement electronic standardization initiatives or foster the use of standards through published articles or other media.

Meteor background

The Meteor Project is a collaborative effort involving 40 leading student loan organizations and NCHelp. Meteor aggregates student-specific loan information from TG and other student loan sources in real time, and consolidates it for display to financial aid professionals online.

Meteor represents a groundbreaking use of technology, according to TG technology consultant Will Thien, who co-chairs the Meteor Advisory Team and serves as the project's Technology Team Lead. "We believe this is the first industry-wide network built in open source code with open source tools to be successfully launched for any industry—not just within the financial aid community—and it couldn't have happened without the collaborative effort of everyone involved," said Thien. "Of course, TG's integral involvement in the development of Meteor from concept to completion makes it particularly rewarding for us, as one of the first guarantors to actually offer Meteor access to schools and lenders."

Enhancements already on the way

The award comes as the Meteor Project gears up for Phase II delivery this summer. Some of the planned enhancements include:

- Student/borrower access.
- Addition of several new data elements.
- Deferment and forbearance history.
- A "super screen" that will allow users to compare the data from multiple systems (i.e., guarantor, lender, and servicer systems) in a single view.
- Further development of the borrower-based authentication model supporting single sign-on.

With the business requirements for Phase II completed and coding in process, Meteor development and application testing should be completed by the end of June 2003, with implementation anticipated in August 2003. The Meteor Advisory Team has already begun planning for Phase III, which will include providing data for state grants and scholarships, tuition assistance, and 529 savings plans.

Access available through TG

TG has helped nearly 200 institutional users get up and running with Meteor since October 2002, when TG began offering Meteor access to financial aid professionals.

Meteor access is available to schools and lenders through *TG Online* at www.tgslc.org/resources/meteor.cfm. To request a user ID and password for Meteor access, send an e-mail message to product.support@tgslc.org or call TG product support at (800) 332-1455.

More information

Meteor Project details are available from the official project Web site at www.nchelp.org/Meteor.htm. Information on Meteor access through TG and the leadership of TG team members in Meteor development was featured in *Shoptalk Online* 176.

For more information on Meteor, contact your TG school consultant or national account representative.

TG updates

TG Annual Conference a hit, presentations now online

TG hosted another successful annual conference in Austin during April. Thanks to the outstanding support and generosity of our conference sponsors, industry partners, and school and lender participants, “FFELP—Live in Concert!” also generated overwhelmingly positive feedback about the quality and selection of this year’s sessions, events, and activities. Overall, attendees rated their conference experience an average of 4.75 on a 5-point scale.

Presentations now available online

For those who missed sessions, were unable to attend the conference, or just want to review their favorite sessions, TG is now offering many of the presentations that made the conference such a success on *TG Online* at www.tgslc.org/resources/presentations.cfm.

Conference presentations are also available on CD-ROM. To request a copy, please send an e-mail message with your name, address, and telephone number, and a note indicating that you would like to receive a copy of the “2003 Conference CD” to communications@tgslc.org. CD-ROMs are scheduled to be mailed out at the end of May.

Mark your calendars now

If you were unable to join us this year, we hope you will make plans to attend next year. The 2004 TG Annual Conference will be held April 21-23, 2004.

Tell us what you think

As always, if you have any suggestions, questions, or comments about the TG Annual Conference, please forward them to Judy Cunningham, conference

coordinator, at judy.cunningham@tgscl.org. You can also reach Judy by phone at (800) 252-9743, ext. 2905.

A day in the life

A day in the life of the TG program review team

with Carol Lindsey, vice president of policy and compliance, Nancy Miller, manager of program review, and John Rivers, senior reviewer

Program review purpose and scope

Guarantors provide many services for their business partners that aid in the administration of the FFELP. One such service is the program review. ED requires all guarantors to conduct periodic on-site program reviews of FFELP participants. These program reviews help to ensure participants' compliance with federal and guarantor requirements in the administration of the FFELP. The TG program review team strives to assist schools, lenders, secondary markets, and collection agencies in identifying and correcting non-compliance issues to minimize problems. By providing this third-party oversight assessment, the program review team helps its business partners in:

- Better understanding FFELP requirements.
- Successfully administering student loan provisions.
- Protecting the federal fiscal interest.

Carol Lindsey, TG vice president of policy and compliance, says, "TG is committed to assisting organizations by providing information to help them understand and adhere to program requirements. By doing so, we hope to promote public support and confidence in this valuable federal program serving so many families and students."

Commitment to success

The TG program review team, with over 45 years of collective experience in the student financial aid industry, has a strong commitment to the present and future success of the FFELP and our business partners. Conducting program reviews requires a depth of knowledge in auditing and accounting as well as in the FFELP and other Title IV programs. In addition to the collective experience in the student financial aid industry, the team has over 25 years experience in accounting, auditing and other lending activities. Other key qualifications for team members include:

- Objectivity, integrity, and professionalism
- Strong analytical and communication skills
- Effective interpersonal skills
- The ability to multi-task and be flexible

The TG program review team recently added a new member, Nancy Miller, to lead the team as its manager. Nancy, known to many TG customers as the former assistant manager of loan guarantee operations, comes to program review with

over 13 years of service in student lending, including four years performing internal reviews and coordinating work on guarantor program reviews at a large lender. Nancy's background provides her with insights into program reviews from the lender, school, and guarantor perspectives.

Nancy says, "I am very excited about working with the team to meet the challenges and opportunities ahead. I'm looking forward to serving TG and the FFELP in this new capacity. Program review is a strong team, and I respect the important and good work the team does for TG and its customers."

Criteria for program reviews

ED requires guarantors to conduct biennial, on-site reviews of the following:

- Schools with cohort default rates exceeding 20 percent for either of the two most recent years for which rates have been calculated.
- Lenders that, in the preceding year:
 - Had volume representing two percent or more of the total volume of FFELP loans guaranteed by TG,
 - Were one of the top ten lenders by volume of loans at TG, or
 - Had loan volume that equaled or exceeded \$10 million.

The program review team also conducts discretionary reviews. These are reviews that are not mandated by ED but are based on other criteria, such as potential issues that have come to the attention of TG, or information from other regulators or guarantors. In addition, reviewers may visit an entity that has changed significantly or grown rapidly to see if the changes or growth appear to be occurring in a healthy manner.

Program review process

A typical day for reviewers may include a variety of activities. While one team member prepares for an on-site review by contacting the entity and making travel arrangements, another member performs an in-house review of working papers or prepares a program review report (working papers record the information obtained and analyses made during a review).

The typical program review process follows a common sequence of steps:

- Preliminary in-house preparation
- Notification to the entity
- On-site review
- In-house review of working papers
- Finalization of program review report
- Close-out procedures

Preparation and notification

First, the team prepares a program review plan which involves preliminary research about the entity, selection of a sample of students and/or borrowers, and

preparation of working papers. Next, TG notifies the entity that it is preparing to conduct a program review. The notification consists of a courtesy phone call followed by an official notification letter. The notification letter confirms when the program review will take place and describes general categories of FFELP activities that will be the focus of the review. The letter is also accompanied by a request for certain information about the entity that will be helpful during the review.

TG also maintains regular contact with other regulators and initiates contact with them during the preparation phase.

John Rivers, senior reviewer, says, "We plan thoroughly to ensure that we can conduct an effective and professional program review of the entity. During the review, we hope to assess the strength of the entity's compliance as well as provide helpful information."

On-site review

Upon arrival, the program review team conducts an entrance interview to give the entity an overview of the on-site review process and the areas of focus. Then the team examines the records of the students/borrowers selected during the preparation phase to get a snapshot of the entity's practices. The team completes working papers and comment sheets, noting questions and potential issues identified during the review. These sheets are a valuable, daily communication tool that provides insights to both parties and helps minimize interruptions.

On the last day of the on-site review, TG performs an exit interview, going over any significant issues that have been identified. The team provides instructions and advice on ways to address outstanding issues, and to prevent those issues from occurring again.

Some common non-compliance occurrences for schools include:

- Verifications not completed appropriately
- Overlapping academic years
- Incorrect and/or late return of Title IV funds
- Unpaid credit balances

Some common non-compliance occurrences for lenders include:

- Improper reporting of cancellations and returns of loan funds
- Improper Lender Reporting System (LaRS) billings (formerly ED Form 799)
- Incorrect conversion to repayment
- Servicing due diligence violations
- Unreconciled loan sales

John says, "Our main job is to identify and communicate potential issues or problems, and enlist the school's or lender's help in addressing those potential issues. We want to help our business partners be successful FFELP administrators. A review can be likened to a patient going in for a physical exam. It's not the most pleasant thing, but it's necessary to maintain good health, identify problems early, and adopt solutions to remain as healthy as possible."

In-house review of working papers

Once the team completes the on-site visit, a TG reviewer who did not participate with the on-site team performs an internal review of the working papers and findings. The purpose of this review is to ensure that nothing was missed during the on-site visit. As a courtesy, TG calls the school or lender if any additional issues come up during the internal review that will be included in the program review report.

Finalization of program review report

The internal review also verifies if the findings summarized in the working papers appear to be accurately and clearly communicated in the draft program review report. Before issuing the final report, the team manager performs a final review of the working papers and draft report.

TG issues the program review report to the school or lender approximately 40 days following the last day of the on-site visit. Schools and lenders have 30 days to respond to the report. The report contains a recap of the focus of the review, the student/borrower files sampled, and the outstanding issues to address through corrective actions.

Close-out procedures

Once the program review report has been issued to the school or lender, close-out procedures begin. The process ends when all required actions have been completed and all liabilities, if any, have been paid by the school or lender. At that point, TG notifies the school or lender and ED that the program review is closed.

Joint reviews and lender common review initiative

Occasionally, TG performs a program review with another guarantor or with ED. Many lenders and schools have loans guaranteed with more than one guarantor. Therefore, joint reviews sometimes can be conducted to avoid redundancy, especially for lenders. Watch for more news on a new lender common review initiative that will broaden joint review activities for some lenders.

More information

For more information on the TG program review team, contact Nancy Miller at (800) 252-9743, ext. 4774, or John Rivers at (800) 252-9743, ext. 4848.

Trends and issues

Report on state of student aid offers valuable insights

How many hours do students need to work in order to pay their way through school today? How does that work affect attendance, persistence, and completion of educational programs? Are typical room and board estimates adequate for most students? How many defaulted borrowers in Texas make good on their bad debt?

Knowing the answers to questions like these can be very beneficial when tackling tough decisions about how to manage financial aid for the families and students you

serve. Changing demographics, population growth, economic factors, and other issues all merit consideration when making everyday decisions concerning student aid.

For answers to the questions above and many other valuable perspectives on trends and issues in the student financial aid industry today, be sure to check out the new 2003 edition of *The State of Student Aid in Texas* from TG. The report offers members of the student financial aid community, policymakers, and their staffs an overview of key facts relating to student financial aid in Texas.

The report presents 79 one-page insights into how student aid in Texas compares to other highly-populated states and to the rest of the nation. The report provides data and analysis on several topics:

- State demographics
- Educational attainment
- College costs
- Paying for college
- Grant aid
- Student debt in Texas
- FFELP participation through TG
- The Texas Higher Education Coordinating Board
- Defaults and collections

The new report is available on *TG Online* at www.tgslc.org/pdf/statefinaid.pdf. Paper copies are also available. To order a hard copy, send your request by e-mail with your name, address, and telephone number to communications@tgslc.org.

Legislative update

The May 19, 2003, issue of the *Legislative Report* provides updates on student financial aid, tuition, and fees legislation filed in the Texas Legislature in light of the return of 53 Democratic House members to the Texas Capitol on May 16, 2003. With quorum established again, the House is now able to convene and consider legislation for the first time since May 10, 2003. Read the full report on *TG Online* at www.tgslc.org/lege_report/index.cfm.

This, that, and the other...

Many schools, both public and private, provide grant aid to undergraduates to help them pay tuition and fees. A new study from the National Center for Education Statistics (NCES) provides information about recent trends in institutional aid, and the effect such aid has on the likelihood that recipients will stay enrolled at the awarding institution.

The study, "What Colleges Contribute: Institutional Aid to Full-Time Undergraduates Attending 4-Year Colleges and Universities," is available online at <http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2003157>.



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