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Tip^{of} the Week

Contact former students during their grace period to inform them of repayment options. TG has form letters and templates that can help.

To learn more, contact TG at (800) 338-4752.

Federal updates

ED to use 2003-2004 state tax tables for 2004-2005 EFC calculations

ED recently announced the availability of the Expected Family Contribution (EFC) Formula Worksheets and Tables for the 2004-2005 award year. Usually, the annual publication of these EFC materials is not all that newsworthy — it's just part of the routine of preparing for the next year's FAFSA cycle. What makes this year's posting of EFC materials worth mentioning is that ED recently announced that it will use the 2003-2004 "state and other tax allowances" tables in the 2004-2005 EFC calculations, based on the anticipated direction of the Congress.

The issue

On May 30, 2003, ED issued a *Federal Register* notice announcing the 2004-2005 EFC formula updates, causing a stir in the financial aid community. The reason for the stir was that ED's update of the 2004-2005 "state and other tax allowances" tables would have lowered the amount that the EFC formula (the calculation that uses FAFSA data to determine a family's EFC) forgives a family for the state and local taxes that it pays when determining how much income the family has left over to pay for college costs. Many predicted that this change would reduce the number

of students qualifying for Federal Pell Grants, due to higher EFCs for the 2004-2005 award year.

The resolution

At the urging of many in the financial aid community, the Congress recently indicated that it will, in a special provision of its upcoming FY 2004 appropriations legislation, direct ED to use the 2003-2004 "state and other tax allowances" tables in lieu of the 2004-2005 tables. And ED has prepared accordingly. In anticipation of this change and in order to minimize disruptions, ED has programmed its central processing system (CPS) to calculate 2004-05 EFCs using the 2003-04 "state and other tax allowances" tables. The 2004-2005 EFC Worksheets and Tables reflect this decision as well.

More information

To access the 2004-05 EFC Formula Worksheets and Tables, go to www.ifap.ed.gov/eannouncements/attachments/1223EFCFormulaGuide0405.pdf. To access the May 30, 2003, *Federal Register*, go to <http://a257.g.akamaitech.net/7/257/2422/14mar20010800/edocket.access.gpo.gov/2003/pdf/03-13680.pdf>.

Join ED's new national default prevention discussion list

ED recently established a listserv dedicated to default prevention issues. The listserv, which will be run by Rutgers, The State University of New Jersey, is open to all members of the student financial aid community.

Purpose of the project

The goal of the listserv, according to ED, is to provide a common venue for the exchange of default prevention information for financial aid administrators, lenders, servicers, guarantors, ED personnel, and contractors. This information exchange will allow all parties to benefit from the experiences and successes of other industry partners in preventing borrowers from defaulting on their student loans.

"We think this is a great idea," said Shelia Dunlap, TG assistant vice president for default prevention. "A project like this is a win-win situation — it helps institutions learn to prevent default by keeping borrowers on the right track, and it ultimately protects the federal fiscal interest. We've already signed up and look forward to sharing TG's best practices in preventing default." This new forum will complement TG's ongoing default prevention efforts, which include working with business partners and ED on a variety of initiatives.

How to sign up

To subscribe, send a message to listserv@email.rutgers.edu with the command "subscribe default_prevention your name" in the body of the message, inserting your name where it says "your name." Leave the subject line blank and omit the quotation marks.

Variable interest rate announced for older PLUS and SLS loans with calendar-year adjustments

Due to the wording of some older promissory notes, a limited number of outstanding PLUS and SLS loans are subject to a calendar-year adjustment of the variable interest rate based on the "91-day Treasury Bill" method that existed prior to the enactment of the Higher Education Act Technical Amendments of 1987. Most of the loans with this interest rate provision have likely already been paid in full or refinanced. For any such loans still outstanding, ED recently announced the new variable interest rate for 2004.

The interest rate is equal to the average of the 91-day Treasury Bills (T-bills) auctioned during the previous 12-month period ending November 30 plus 3.75 percent, not to exceed 12 percent. The interest rate for calendar year 2004 is **4.81 percent** (the current 91-day T-bill average of 1.06% + 3.75%).

To access ED's electronic announcement regarding this interest rate, go to www.ifap.ed.gov/eannouncements/1217PLUS2004.html.

Common Manual

New training brief shows how to find information fast

Do you know your way around the monthly *Integrated Common Manual*? Find out how to locate policy information more quickly and efficiently by reviewing the latest tips and tricks from the *Common Manual* Policy Committee at www.tgslc.org/resources/cm_training.cfm.

The current version of the *Integrated Common Manual* is available on *TG Online* at www.tgslc.org/resources/integrated_online_manual.cfm.

TG hopes that you are finding the training briefs useful. If you have any comments or suggestions on the briefs, please contact Michelle Anderson, TG senior policy advisor and a member of the *Common Manual* Policy Committee, at michelle.anderson@tgslc.org or (800) 252-9743, ext. 4608.

Legislative updates

Two new issues of TG's *Legislative Report* are now online. Read them to catch up with the latest news on federal and state student aid issues and initiatives.

The December 16 edition tracks the latest developments in FY 2004 appropriations, federal funding levels, the outlook for HEA reauthorization, and student aid legislation pending before Congress. Also included are details on upcoming hearings of the Texas Joint Interim Committee on Higher Education and an update on the Sunset Advisory Commission review of TG.

The December 19 edition recaps the legislative progress of the First Session of the 108th Congress during 2003, and lists the high-profile issues facing the Second Session in 2004. Also included are updates on upcoming studies at the state level.

Read the full reports on TG Online at www.tgslc.org/lege_report/index.cfm.

This, that, and the other

Identity theft is one of the fastest growing crimes against consumers, affecting nearly 10 million people and costing victims more than \$5 billion in 2003, according to U.S. Secretary of Education Rod Paige. To help students combat identity theft, ED has launched a new Web site — www.ed.gov/misused.

The site includes comprehensive information for students and families, including tips for protecting their identity and advice on how they can detect identity theft. In addition, the department has a hotline, 1-800-MISUSED, for anyone who suspects student loan fraud.

The new website warns that college students are particularly vulnerable to having their Social Security numbers and driver's license information stolen. According to ED, credit card offers, dormitory burglaries, inexperience in financial management skills, and even the way many professors post grades make students extremely exposed to identity theft.

ED hopes that its new Web site and hotline will help students and families take steps to secure their personal information and prevent headaches associated with identity theft.



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To ask questions about *Shoptalk Online*, please contact Communications at (800) 252-9743, ext. 4732 or communications@tgslc.org.

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