

In this issue:

TG updates	1
HRD calculation — not a hardship anymore	1
Federal updates	3
TG remembers MaryIn McAdam	3
President releases proposed budget for FY 2005.	4
ED publishes technical corrections to federal regulations	6
Common Manual	6
Stay informed by subscribing to public listserv ...	6
Legislative updates	7
This, that, and the other	7

Tip of the Week

Visit TG's Virtual Default Conference at www.tgslc.org/DP_KBase for default prevention strategies you can implement on your campus today.

TG updates

HRD calculation — not a hardship anymore

Have you ever worked with a borrower completing the Economic Hardship Deferment Request (HRD) form? One of the conditions that may qualify a borrower for this deferment is if the borrower meets or exceeds a federally defined debt-to-income ratio. The calculation that determines whether the borrower meets or exceeds this ratio can be rather confusing for the borrower to complete. To assist borrowers with the calculation, TG has introduced an online hardship deferment eligibility calculator. This new TG tool takes the borrower through the debt-to-income calculation and indicates whether the borrower may qualify for the economic hardship deferment.

Accessing the calculator

The hardship deferment eligibility calculator is available on *TG Online* at www.tgslc.org/borrowers/hrd.cfm. This page describes the economic hardship deferment and the qualifications that a borrower must meet to receive the deferment. If a borrower feels that he or she is experiencing economic hardship due to excessive federal loan debt relative to the borrower's income, the borrower can click on the sentence that reads: "You exceed a federally defined debt-to-income ratio" to access the hardship deferment eligibility calculator. As the borrower

progresses through the calculator, the borrower is asked series of questions that are used to determine his or her eligibility for the economic hardship deferment.

Calculator responses

Based on the information that the borrower provides, the calculator will provide one of two responses concerning eligibility:

- The affirmative response indicates that the borrower may be eligible for an economic hardship deferment. It instructs the borrower to download the form, complete the applicable sections of the form, and forward all appropriate documentation and the completed form to the borrower's loan holder. The response also reminds the borrower that the loan holder is responsible for determining eligibility and approving the deferment request.
- The non-affirmative response indicates that the borrower does not meet the qualifications for this type of deferment. It recommends that the borrower contact his or her loan holder or TG default prevention to explore other options for repaying the loan or postponing loan repayment.

Helpful features

This new TG tool serves as an innovative solution to ease the process of determining eligibility for the economic hardship deferment. The calculator includes the following helpful features:

- Online help menu — the borrower is able to access a help screen that defines important terminology related to the Economic Hardship Deferment Request form.
- Internet links — the calculator responses have a link to *Adventures In Education's* (AIE's) student loan inquiry feature so the borrower can obtain information his or her loan holder and links to interactive PDF versions of the deferment forms for the borrower to download and complete.
- Contact information — the calculator provides a link to *Ask TG™*, an online database of answers to frequently asked questions, and a link to the e-mail address for TG default prevention, should questions arise about the eligibility response.

More information

For questions concerning the calculator, contact TG default prevention at (800) 338-4752 or prevent.default@tgsdc.org.

Federal updates

TG remembers MaryIn McAdam

MaryIn McAdam, a prominent advocate for higher education and a good friend of TG for more than 20 years, passed away unexpectedly on January 27. Several members of the TG team worked closely with MaryIn over the years, and they — along with the rest of the industry — will miss her.

A commitment to service

MaryIn began her career in public service in the U.S. House of Representatives, working alongside two pioneers in higher education. She served as a legislative assistant for the late Senator Paul Simon (D-IL) when he was a member of the House of Representatives, and then for Representative William D. Ford (D-MI) while he was chairing the House Postsecondary Education Subcommittee.

After leaving the House, MaryIn served as an advisor to a number of education associations and interests, including TG and several other guarantors. Her other affiliations included the Committee for Education Funding (CEF), Association of Teachers of English to Speakers of Other Languages (TESOL), and the High School Equivalency Program and the College Assistance Migrant Program (HEP-CAMP).

A way with words

MaryIn was known for her way with words — bringing clarity and wit both in person and in print to sometimes dry and complex topics. She maintained a busy schedule of speaking engagements across the nation. In recent years, her sessions at the TG annual conference were frequently standing-room-only.

For several years, she was known across the industry for her *McAdam Report*, a popular newsletter on higher education and student loan issues. She also authored reports for the Department of Education and other organizations, and contributed regularly to the *Greentree Gazette*.

A lasting legacy

TG began its long, productive relationship with MaryIn 20 years ago, when it contracted her to help monitor congressional activity and advise on positions concerning proposed legislation pending before Congress and regulatory activities of the Department of Education.

“I first met MaryIn shortly after I began as TG congressional/legislative liaison in 1985,” recalled George Torres, TG assistant vice president for governmental affairs. “I found her input and advice to always be extremely useful. But MaryIn’s true value with respect to her relationship to TG, I think, was her expansive knowledge of the student loan and student financial aid programs, as well as her contacts and familiarity with congressional members and staff. While TG has come a long way in developing its own congressional and legislative resources and building positive

working relationships with the Texas congressional offices, much of this progress is due to MaryIn helping TG lay the foundation for these relationships during TG's early years through her experience, expertise, and counsel."

"Her institutional memory and tireless work ethic, not to mention her permanent positive outlook, will certainly be missed," said Torres. "But her legacy will continue because of TG's very fortunate 20-year association with her."

Neal Combs, TG general counsel, commented on how effective MaryIn was in reducing complex subjects to understandable information. "Beyond the intellectual gifts she possessed, however, it was her fervent evangelism for educational benefits for the disadvantaged which stands out above all else," Combs added. "She firmly believed in the right of all to a quality education."

President releases proposed budget for FY 2005

On February 2, 2004, President Bush submitted his proposed budget for FY 2005 to Congress. The \$2.4 trillion budget includes a request for \$57.3 billion in discretionary funding for ED and a few notable changes to certain federal student aid programs. Besides detailing the president's request for funding, the budget also provides the Bush Administration's proposals for the upcoming reauthorization of the Higher Education Act of 1965 (HEA), likely to occur later this year.

Request for funding

The president's FY 2005 budget does not provide much of an increase in funding for federal student aid programs over FY 2004. As a matter of fact, the budget actually reduces funding for the Perkins Loan Program and eliminates the Leveraging Educational Assistance Partnerships (LEAP) Program.

Pell grants

The budget provides approximately \$12.9 billion in funding for the Pell Grant Program. This amount is intended to:

- Preserve the current maximum Pell grant award of \$4,050 for students who attend postsecondary education in the 2005-06 award year.
- Fund the Enhanced Pell Grants for State Scholars component of the president's newly proposed Jobs for the 21st Century plan (for more information about this plan, see *Shoptalk Online* [Edition 239](#)).

Overall, the proposed funding for the Pell Grant Program would be an increase of \$856 million over FY 2004. This increase would also in large part help resolve the \$3.7 billion shortfall that the Pell Grant Program currently faces due to borrowing from subsequent-year funding to administer the Pell Grant Program in FY 2004.

Campus-based programs

Pertaining to the campus-based programs, which include Supplemental Educational Opportunity Grants (SEOG), Federal Work-Study (FWS), and Federal Perkins Loans, the president's budget would:

- Eliminate funding for new Perkins Loan Federal Capital Contributions.
- Leave funding for SEOG and FWS at their current FY 2004 levels.
- Revise the current statutory formula used to allocate campus-based funding to schools.
- Replace the 7 percent community service requirement with a separate set-aside equal to 20 percent of the Federal Work-Study appropriation. Schools would apply for community service funds separately from their regular FWS allocation.

These last two recommendations, which touch upon reauthorization (in that the HEA would need to be amended to implement the changes), are based on the Administration's Program Assessment Rating Tool (PART) that is used to target funds towards programs that achieve positive results by focusing on accountability.

Leveraging Education Assistance Partnerships Program

The FY 2005 budget would eliminate the LEAP Program, which provides federal grant funds for states that match the federal share. The program currently provides \$66.2 million in federal student assistance in FY 2004.

Reauthorization proposals

The Bush Administration also unveiled a number of recommended changes for the reauthorization of the HEA in its FY 2005 budget. These recommendations would:

- Clarify that only federal student aid applicants convicted of a drug-related offense while attending a postsecondary school would be ineligible for federal student aid; incoming students with former convictions would not be subject to ineligibility.
- Increase the FFELP and Direct loan limit for first-year undergraduate students from \$2,625 to \$3,000.
- Expand teacher loan forgiveness from \$5,000 to \$17,500 for math, science, and special education teachers working in low-income communities.
- Allow schools with cohort default rates of less than 10 percent for the three most recent fiscal years to be exempt from the requirement to provide multiple disbursements and from the 30-day delayed delivery requirement for first-year, first-time undergraduate borrowers.

- Eliminate the fixed interest rate change of 6.8% for Stafford loans scheduled for implementation in 2006 and maintain the current variable interest rate.
- Standardize extended repayment terms for the FFELP and Direct Loan Program.
- Require all guarantors to collect the 1 percent insurance premium (also known as the guarantee fee) on all loans guaranteed or disbursed after October 1, 2004.

More information

The president's proposed FY 2005 budget is available online at www.whitehouse.gov/omb/budget/fy2005/budget.html. To review the Secretary of Education's comments about the budget, go to <http://www.ed.gov/news/speeches/2004/02/02022004.html>.

ED publishes technical corrections to federal regulations

ED recently released technical corrections to the federal regulations in the December 31, 2003, *Federal Register*. Technical corrections are not substantive. For example, technical corrections often address punctuation, date, cross-reference, and wording errors.

TG has posted an updated version of its integrated regulations for the 34 Code of Federal Regulations section 682 (the section that governs the FFELP) reflecting these technical corrections. To download this latest version of the regulations from *TG Online*, go to www.tgslc.org/resources/intreg.cfm.

Common Manual

Stay informed by subscribing to public listserv

Financial aid and student lending professionals can keep abreast of policy issues by subscribing to the industry/public listserv offered by the *Common Manual* Governing Board and Policy Committee. Find out what kind of information you can expect to receive by reviewing the latest *Common Manual* Training Brief at www.tgslc.org/resources/cm_training.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.

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

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 February 2 edition provides updates on recent House and Senate Budget Committee hearings, which offer a glimpse into the major budget fights that are sure to follow later this year. Also included is news on a University of Texas at Austin task force that has recommended enrollment changes.

The February 3 edition provides in-depth details on the \$2.4 trillion budget recently unveiled by President Bush.

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

This, that, and the other

TG goes to great lengths to bring schools and lenders professional and industry training. This week alone, TG team members are presenting sessions in New York, Florida, Oklahoma, Louisiana, and in the eastern, central, and western regions of Texas.

Training stops over the next couple weeks include Alabama, Arizona, Colorado, Minnesota, Georgia, and Ohio, with further engagements in New York, Florida, and Texas.

To find out how you can benefit from great TG training — wherever you live and work — look for one of our upcoming workshops on doing more with less at www.tgslc.org/workshops/winter/locations.cfm or visit TG's Speakers Bureau page at www.tgslc.org/speakers/index.cfm.



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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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