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Tip of the Week

Collect new or updated permanent address information from graduating students before they leave campus. If your registrar's office already collects this information, make sure it can be made available to lenders and servicers. For help facilitating data exchanges with lenders and servicers, call TG at (800) 338-4752.

TG updates

TG Conference session to explore impact of exceptional performer designations

ED recently granted its first exceptional performer (EP) designation to a FFELP lender. What does this mean for you and your organization? Come find out at the 2004 TG Conference, "Kaleidoscope of Dreams."

TG and Citibank representatives will present a session entitled "Exceptional Performer Implementation and the Role of Servicers, Guarantors, and the Department of Education" at 1:30 p.m. on Thursday, April 22. The session will provide an overview of the EP process, which ED began in the early '90s as an incentive to lenders to maintain above-average due diligence performance and audit ratings. The session also will explore the program's potential impact on your organization.

Citibank earned EP status by scoring over 97 percent on the special independent compliance audit required for EP designation. As an exceptional performer, Citibank will be paid 100 percent on default claims, rather than the standard 98 percent.

Now that an EP designation has been granted, this session will take a look at the impact that current and future designations will have on involved parties.

Participants will discuss:

- Lender/servicer issues, such as the application process and subsequent audit requirements.
- Guarantor responsibilities, including claim review and payment, as well as expected guarantor input during the application process.
- EP designations from an ED perspective, including the application review process, their expectations of servicers and guarantors, and industry implications.

More information

For more information or to register for the TG conference, please visit the conference Web pages at www.tgslc.org/tgconference.

Federal updates

ED issues Q&A in exceptional performer designation DCL

In response to the growing interest in the exceptional performer (EP) designation, ED released Dear Colleague Letter (DCL) FP-04-04 on March 16, 2004. This DCL contains a Q&A on the issues that surround obtaining and implementing an approved EP designation. The Q&A is broken down into the following categories:

- General program requirements and information
- EP application, designation, and implementation
- Claim review
- Program reviews and guarantor audits

To access FP-04-04, go to the Information for Financial Aid Professionals (IFAP) Web site at www.ifap.ed.gov/dpclletters/FP0404.html.

Reauthorization watch

Last week, TG updated its Higher Education Act reauthorization page on *TG Online* with information and links on two recent developments:

New Bills

- **Part-time Student Assistance Act**

The House Education and the Workforce Committee has introduced [H.R. 3968](#), the Part-time Student Assistance Act. The bill, sponsored by Representative

Rush Holt, proposes to aid part-time students by creating a year-round Pell Grant pilot program. The bill also proposes to aid working students by increasing income protection allowances and exempting the earned income credit from the calculation of income within the federal methodology, and by creating a Fund for the Improvement of Postsecondary Education (FIPSE) demonstration program.

Bill Text: [http://thomas.loc.gov/cgi-bin/query/z?c108:H.R.3968:](http://thomas.loc.gov/cgi-bin/query/z?c108:H.R.3968)

- **Consolidated Student Loan Reduction Act of 2004**

The Senate Health, Education, Labor and Pensions Committee has introduced [S. 2198](#), the Consolidated Student Loan Reduction Act of 2004. The bill, sponsored by Senator Barbara Boxer, proposes to provide Consolidation loan refinancing at a fixed rate that is equal to the Federal Stafford loan interest rates at the time the borrower applies for refinancing. Borrowers could refinance anytime their Consolidation loan interest rate exceeded 1% of the Stafford loan rate.

Bill Text: [http://thomas.loc.gov/cgi-bin/query/z?c108:S.2198:](http://thomas.loc.gov/cgi-bin/query/z?c108:S.2198)

To stay current with the latest developments in the reauthorization process, visit TG's Higher Education Act reauthorization page on *TG Online* at www.tgslc.org/reauth/index.cfm.

Trends and issues

College graduates now outnumber high school dropouts among unemployed

For the first time, the number of unemployed people with a college degree has surpassed the number of unemployed high school dropouts, according to U.S. labor statistics from the Economic Policy Institute, a Washington, D.C., nonprofit, nonpartisan think tank.

The number of unemployed college graduates reached a low point of about 600,000 at the end of 2000, but doubled during the recession of 2001 and the weak economic recovery that followed, and then reached a January 2004 peak of 1.2 million. In comparison, the number of unemployed high school dropouts in January 2004 was about 1.1 million.

However, because there are more college graduates (39.9 million) in the workforce than high school dropouts (12.5 million), the rate of unemployment for those with a college degree remains much lower (3 percent) than the unemployment rate for high school dropouts (8.5 percent).

What does this mean?

Jamie Crowe, of TG research and analytical services, said it doesn't mean foregoing a college education. It does mean that the recent economic downturn has hit those with a college degree particularly hard. One reason for this, the Economic Policy Institute points out, is the lasting impact of the burst information-technology bubble and the off-shoring of white-collar jobs.

"The high-paying jobs just aren't out there," Jamie said. "When a CEO or other highly-paid individual is laid off and tries to get back in the workforce, most of the jobs out there are going to be retail or hourly-wage jobs."

It also means that new graduates are competing with laid-off experienced workers for the same jobs.

While the current economic recovery is taking its toll on those with a college degree, college graduates still earn more than double over a lifetime than those with less than a high school diploma, according to TG's annual study, the *State of Student Aid in Texas*, available online at www.tgslc.org/djaknow.

Bottom line? It still pays to get a college degree.

More information

The Economic Policy Institute offers a closer look at unemployment trends in its March 17, 2004, *Economic Snapshot*, available online at www.epinet.org/content.cfm/webfeatures_snapshots_archive_03172004.

This, that, and the other

Borrowers wanting to delay student loan payments due to economic hardship or other reasons will benefit from an upcoming chat on mapping-your-future.org, a public service Web site sponsored by TG and other FFELP participants. The live chat is scheduled from 2 to 3 p.m. CST on Tuesday, April 6.

Experts in career counseling and financial aid will be on hand to offer practical information and answer borrower questions. Topics will include deferment and forbearance types, eligibility criteria, and how to apply.

Anyone with Internet access can join by visiting mapping-your-future.org on the afternoon of the chat and selecting the chat session. Simple instructions will explain how to join the event. Students and parents can pre-register and choose to have a reminder sent to them a few days before the event.



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