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## Tip<sup>of</sup> the Week

Spring financial aid awareness fairs are upon us – have you ordered your supplies yet? Visit [TG's Online Forms/Publications Ordering](#) at [www.tgslc.org](http://www.tgslc.org). Place your order today.

## Federal updates

### Operational burden lifted in post-TPD-discharge situations

At the December 2004 Electronic Access Conference (EAC), ED provided new guidance about certifying a loan for a borrower who has had a prior total and permanent disability (TPD) discharge. The new guidance eases the operational burden on borrowers and schools alike.

#### Regulatory and revised guidance

Federal regulations state that in order for a borrower who has received a prior TPD discharge to receive a new loan (Stafford or PLUS, as applicable), the borrower must, among other requirements, submit to the school a physician certification that the borrower may now engage in substantial gainful activity. For a complete list of borrower requirements to receive a new loan after a TPD discharge, consult the *Common Manual*, section 5.4. ED has clarified that a borrower is required to submit a statement from a physician certifying that the borrower is able to engage in substantial gainful activity *only once* to each school at which the borrower requests a loan, regardless of the number of times he or she requests a new loan at that school. Prior to ED's guidance, a borrower with a prior TPD discharge was

required to submit a new physician certification each time he or she requested a new loan. This may have caused borrowers undue hardship as a result of the time and expense involved in obtaining a separate physician certification for each new loan.

TG loan guarantee operations will continue to assist our school partners by obtaining the necessary documentation for a borrower in a post-TPD-discharge situation on the school's behalf (if the school hasn't already done so) before a new loan is guaranteed.

### **More information**

To access the EAC presentation that provided this new post-TPD-discharge guidance, click on the presentation entitled "FFEL/Direct Loan/Perkins—Policy Issues of Interest to Schools" at [edeworkshop.ncspearson.com/sessions.htm#general](http://edeworkshop.ncspearson.com/sessions.htm#general) (other EAC presentations are available at this link as well). To access the *Common Manual*, go to [www.tgslc.org/resources/integrated\\_online\\_manual.cfm](http://www.tgslc.org/resources/integrated_online_manual.cfm). For answers to questions on this guidance, call TG customer assistance at (800) 252-9743, or send an e-mail message to [cust.assist@tgslc.org](mailto:cust.assist@tgslc.org).

## **TG updates**

### **TG debuts 2005 TG Conference Web site**

Excitement is building as student financial aid professionals and other industry partners make their plans to attend "Breakthrough! Higher expectations in higher education," the 2005 TG Conference. To provide attendees with a centralized information resource about the event, TG has developed the 2005 TG Conference Web site, available at [www.tgslc.org/tgconference/](http://www.tgslc.org/tgconference/).

The conference is a premier opportunity for financial aid professionals and others throughout the industry to take advantage of personal and professional development opportunities. This year's conference will be held from April 11-13, 2005 at the Hilton Austin in downtown Austin, Texas.

### **A program filled with opportunities for learning**

This year's conference has been expanded to include eight separate learning tracks, each offering sessions on key functions or themes in the student financial aid industry. These tracks include:

- Financial Aid Management Systems (FAMS) and Loan Management Systems (LMS)
- Debt Management and Default Aversion Issues
- Best Practices for Schools and Lenders

- Customer Services and Practices
- Training and Technical Solutions
- Professional Development
- General Interest Issues
- Lender Issues

Specific topics and presenters are currently being finalized, and highlights of the agenda will be offered in future issues of *Shoptalk Online*.

### **Networking and entertainment activities**

Opportunities for enhancing professional and personal relationships are a key component to the TG Conference. Many conference participants find that the relationships they begin and develop through the TG Conference are beneficial to their professional growth.

Activities and events planned for this year include:

- Sunday, April 10
  - TG Golf Tournament
- Monday, April 11
  - TG Building Tour
  - TG Users Group Meeting
  - Breakthrough Hour
- Tuesday, April 12
  - Financial Aid 4K Run/Walk
  - Choice of Entertainment Events
- Wednesday, April 12
  - Customer and Sponsor Recognition Event

Full information on these activities are available on *TG Online* at [www.tgslc.org](http://www.tgslc.org).

### **Registration available soon**

Registration fee is \$100. This fee will be waived for participants from higher education institutions. Registration for the event will be available soon on the conference Web site.

## **Sponsorship opportunities**

Sponsorship opportunities are still available. Corporate sponsorship funds are used for non-FFELP related speakers and entertainment expenses. Conference sponsors receive special recognition for their contributions, which may include:

- Banner ad on TG Conference Web pages;
- Acknowledgement in special announcements;
- Signage in prominent areas;
- Options for including branded giveaways in conference bags; and
- Complimentary registrations.

Sponsorship funds must be received by February 4, 2005. Promotional items must be received by Thursday, March 24, 2005. To learn more, visit the conference sponsorship information page at [www.tgslc.org/tgconference/sponsor](http://www.tgslc.org/tgconference/sponsor).

## **More information**

As conference details are confirmed, updates will be posted on the 2005 TG Conference Web site on *TG Online* at [www.tgslc.org](http://www.tgslc.org), and critical updates will be published in upcoming issues of *Shoptalk Online*. If you have questions, please send an e-mail message to Judith Cunningham at [judith.cunningham@tgslc.org](mailto:judith.cunningham@tgslc.org), or call (800) 252-9743, ext. 2905.

## **Trends and issues**

### **New TG resource offers summary of perspectives on default**

Understanding the many variables that play a role in student loan default is a critical learning objective for any financial aid professional. A wealth of knowledge on the subject is available from a variety of sources, and each of these sources provide further insight into the factors and challenges faced by the community. Often the biggest challenge, however, is gathering these resources in one location.

#### **Centralized resource offers convenient starting point for review**

To assist schools, lenders, and other industry partners with the task of learning more about the existing body of research on the topic of student loan default, TG has prepared and published *Student Loan Default Literature Review*.

This document offers an organized summary of existing resources on the topic, grouped by major subject area. Major topics include:

- College success variables

- College experience variables
- Post-college variables
- Background characteristics of borrowers
- Debt
- School-type variables
- Loan servicing factors
- Default definition and trends

### **Potential uses**

*Student Loan Default Literature Review* can be a valuable resource for many default aversion activities. For example:

- Information in the document can assist a school in developing a default management plan, or in revising an existing plan.
- The tool can be used as a starting point for extended research activities, including the preparation of working papers and reports on student loan default research.
- Elements of the document can be used to enhance training materials on the topic of student loan default, including presentations, learning aids, and other items.

### **Obtaining the document**

*Student Loan Default Literature Review* will be distributed to participants of the TG Lender and Servicer Training event this Friday, January 28, 2005 (Learn more or register for the event by visiting [www.tgslc.org/lendertraining/](http://www.tgslc.org/lendertraining/).) You can download and review the document by visiting *TG Online* at [www.tgslc.org](http://www.tgslc.org) and selecting the *For Schools* or *For Lenders* sections of the site. The document is listed under the *Default Aversion* section. You can also download the document directly by visiting [www.tgslc.org/pdf/default\\_lit\\_review.pdf](http://www.tgslc.org/pdf/default_lit_review.pdf).

### **More information**

If you have questions about the document, please send an e-mail message to Robin McMillion at [robin.mcmillion@tgslc.org](mailto:robin.mcmillion@tgslc.org), or call (800) 252-9743, ext. 4690.

## **TG publishes new research on default at Texas A&M University**

This month, TG has released *Multivariate Analysis of Student Loan Default at Texas A&M University*, a follow-up report to research conducted by TG, in partnership with

Texas A&M University, to better understand the relationship between loan default and student characteristics.

The study analyzes 12,776 borrowers who attended Texas A&M University at College Station who entered repayment on TG-guaranteed FFELP loans during federal fiscal years 1997, 1998, and 1999. The report employs an analytical technique that precisely isolates the independent relationship of each variable to default after accounting for the relationships of other relevant variables. It both reinforces some of the findings of the earlier study, and highlights some new variables that help explain default behavior.

### **Highlights of revised study**

The in-depth research methods used in the follow-up study were able to quantify that a number of variables have significant relationships to default. A few of the new findings include the following:

- Borrowers who leave Texas A&M University at College Station with a grade point average (GPA) of 2.0 or less have a likelihood of default that is at least 10 percentage points higher than borrowers who leave school with GPAs of more than 3.0.
- Borrowers who do not receive in-person exit counseling have a probability of default that is eight percentage points higher than borrowers who do.
- Texas A&M University at College Station borrowers who are at least 34 years old at the time they enter repayment on student loans have a probability of default that is 14 percentage points higher than borrowers who enter repayment when they are 21 or 22 years old.

### **Obtaining the document**

*Multivariate Analysis of Student Loan Default at Texas A&M University* can be downloaded as an Adobe Acrobat document by visiting *TG Online* at [www.tgslc.org](http://www.tgslc.org) and selecting the *For Schools* or *For Lenders* sections of the site. The document is listed under the *Default Aversion* section. You can also download the document directly by visiting [www.tgslc.org/pdf/TAMU\\_Multivariate\\_Analysis.pdf](http://www.tgslc.org/pdf/TAMU_Multivariate_Analysis.pdf).

### **More information**

If you have questions about the document, please send an e-mail message to Matt Steiner at [matt.steiner@tgslc.org](mailto:matt.steiner@tgslc.org), or call (800) 252-9743, ext. 2918.

## **Legislative update**

The January 18, 2005 issue of TG's *Legislative Report* includes an update on a request from House and Senate Budget, Education, and Reform leaders for an independent GAO report on the hidden costs of the Federal Direct Loan Program, a bipartisan bill that seeks to increase funding for Pell grants by \$12 billion, and the adoption of the Texas Sunset Advisory Commission's report on TG. Keep up with

the latest developments by reading the full report on *TG Online* at [www.tgslc.org/lege\\_report/index.cfm](http://www.tgslc.org/lege_report/index.cfm).

## **This, that, and the other**

On February 3 from 7 p.m. to 8 p.m. (CST), TG will host *The FAFSA Made Easy*, a video program to help students and families complete the Free Application for Federal Student Aid (FAFSA). In addition to learning how to fill out the FAFSA, high school seniors viewing the teleconference at host sites can enter their names into a drawing to win one of several \$500 scholarships from TG. Any business, organization, school, or civic group interested in serving as a host site should call (800) 252-9743, ext. 2865, or send an e-mail message to [awareness@tgslc.org](mailto:awareness@tgslc.org).



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