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Tip^{of} the Week

The 2005 *TG School and Lender Fact Sheets* are now available. To learn more, visit *TG Online* at www.tgslc.org/publications/index.cfm.

Federal updates

Reauthorization watch

It's a new legislative year and the first session of the 109th Congress is well underway. Congress has wasted no time getting things in gear for a possible reauthorization this year. Both the House and the Senate recently introduced several higher education bills, most of which focus on improving access to higher education for low- and middle-income students. TG recently updated its Higher Education Act (HEA) Reauthorization Web page on *TG Online* with information on and links to these bills:

New House bills

The House Education and the Workforce Committee introduced several reauthorization bills that are nearly identical to legislation the committee introduced last year. The full text of the following House bills has not yet been posted on Congress's legislative information Web site, thomas.loc.gov. As soon as the text of the legislation has been posted, TG will include a link to it on *TG Online*.

- **The College Access and Opportunity Act of 2005**

The House reintroduced the comprehensive reauthorization bill, H.R. 507, the College Access and Opportunity Act of 2005. The bill, sponsored by Reps. John Boehner and Howard "Buck" McKeon, contains the committee's reauthorization recommendations for amending the federal student aid provisions, including those pertaining to student loans.

To read the bill text, visit www.tgslc.org/reauth/reauth_bills_109.cfm#HR507.

For more information on last year's comprehensive reauthorization bill, H.R. 4283, visit www.tgslc.org/shoptalk/2004/st254/st25401.cfm#reauth, and www.tgslc.org/reauth/reauth_bills_108.cfm#HR4283.

- **The FED UP Higher Education Technical Amendments Act**

The House reintroduced H.R. 508, the FED UP Higher Education Technical Amendments Act. The bill, sponsored by Rep. Howard "Buck" McKeon and submitted by the FED UP Project, proposes to increase the administrative effectiveness of colleges and universities by reducing regulatory red tape and removing barriers to higher education for students.

To read the press release, visit edworkforce.house.gov/issues/109th/education/hea/hr508billsummary.htm.

For more information on last year's bill, H.R. 12, visit www.tgslc.org/reauth/reauth_bills_108.cfm#HR12.

- **The International Studies in Higher Education Act**

The House reintroduced H.R. 509, the International Studies in Higher Education Act. The bill, sponsored by Rep. Pat Tiberi, proposes to strengthen Title VI provisions of the HEA to train experts to play key roles in national security interests through international and area studies.

To read the press release, visit edworkforce.house.gov/issues/109th/education/hea/hr509billsummary.htm.

For more information on last year's bill, H.R. 3077, visit www.tgslc.org/reauth/reauth_bills_108.cfm#HR3077.

- **The Graduate Opportunities in Higher Education Act**

The House reintroduced H.R. 510, the Graduate Opportunities in Higher Education Act. The bill, sponsored by Rep. Pat Tiberi, proposes to reform Title VII of the HEA to enhance graduate education and assist in meeting the needs of K-12 classrooms.

To read the press release, visit edworkforce.house.gov/issues/109th/education/hea/hr510billsummary.htm.

For more information on last year's bill, H.R. 3076, visit www.tgslc.org/reauth/reauth_bills_108.cfm#HR3076.

- **The Pell Grant Plus Act**

The House reintroduced H.R. 511, the Pell Grant Plus Act. The bill, sponsored by Rep. Ric Keller, proposes to enhance the Pell Grant Program by providing additional funds to the program for the first two years of undergraduate study to low-income students who have demonstrated academic achievement, and by encouraging state participation in the State Scholars Program.

To read the press release, visit edworkforce.house.gov/issues/109th/education/hea/hr511billsummary.htm.

For more information on last year's bill, H.R. 3894, visit www.tgslc.org/reauth/reauth_bills_108.cfm#HR3894.

New Senate Bill

- **The Quality Education for All Act**

The Senate Finance Committee introduced S. 15, the Quality Education for All Act. The bill, sponsored by Sen. Jeff Bingaman, proposes to increase educational funding, increase access to education, and improve the quality of education in public schools. Specific to higher education, the bill proposes to reverse ED's updates to the tax tables used in the Federal Need Analysis Methodology, to increase the maximum Pell Grant award, to increase support for the TRIO and GEARUP programs, and to make public college tuition free for future math, science, and special education teachers. The bill also proposes to make the HOPE and Lifetime Learning tax credits refundable, to increase the tuition and fees deduction and make it permanent, and to provide a tax credit for interest paid on a student loan.

To read the bill text, visit thomas.loc.gov/cgi-bin/bdquery/z?c109:s.00015.

More information

The reauthorization process appears to be moving swiftly now that Congress is back in session again. To stay current with the latest updates to developments in the reauthorization process, visit TG's HEA Reauthorization Web page on *TG Online* at www.tgslc.org/reauth/index.cfm.

ED to deliver draft FY 2003 cohort default rates

On February 14, ED plans to electronically transmit draft cohort default rate notification packages (eCDRs) to all schools located in the United States. Through eCDR, the schools receive draft cohort default rate packages instantly and electronically rather than through courier service as hard copy. Foreign schools are not required to participate in this electronic process. Foreign school CDR notification packages will be mailed February 14.

Purpose of draft rates

The draft cohort rates are provided to schools for informational purposes and have no eligibility consequences during the draft review period. ED provides draft cohort default rates to give schools an opportunity to review and challenge the rates prior to the publication of the official cohort default rates. These rates are not considered public information and may not be released to the public by guaranty agencies or by ED.

Deadlines for incorrect data challenges

ED provides every school a 45-calendar-day period to review the loan data used to calculate its draft cohort default rate. If a school identifies any data it believes to be inaccurate, it may challenge its draft cohort rate to request verification and correction of errors. Challenges of FFELP data must be submitted to the guaranty agency responsible for managing that data within the 45-day review period.

Challenges

Challenges of inaccurate draft cohort rate data are allowed to ensure the accuracy of the FY 2003 official cohort default rates to be published later this year and to preserve schools' rights to appeal potential adverse consequences associated with high official cohort rates on the basis of inaccurate data.

ED also provides schools 30 calendar days to submit a participation rate index challenge to ED's Default Management Division. Participation rate index challenges are also intended to prevent potential adverse consequences anticipated by schools based on high official cohort rates, but these challenges are based on low numbers of student loan borrowers rather than on allegations of inaccurate data.

Submitting incorrect data challenges to TG

For schools that use TG as their guarantor, challenges of draft cohort default rates should be mailed to one of the following addresses:

TG
Attn: Compliance Analyst
P.O. Box 83100
Round Rock, TX 78683-3100

For overnight delivery services:

TG Distribution Center
Attn: Compliance Analyst
2929 Longhorn Blvd., Suite 106
Austin, TX 78758

More information and questions

You can find more information on challenging draft cohort default rates in chapter 4.1 of ED's *Cohort Default Rate Guide* — available online at

www.ifap.ed.gov/drmaterials/finalcdrg.html. The checklist on page 4.1-14 offers a good step-by-step summary.

For questions about the FY 2003 draft cohort default rate challenge procedures, call TG's Ken Johnson at (800) 252-9743, ext. 4701, or send an e-mail message to ken.johnson@tgslc.org.

TG updates

TG offers free telephone conference on understanding, using cohort default rate information

ED will soon release draft cohort default rates for FY 2003, and you may wonder how you can effectively use this knowledge on your campus. Maybe your rate will have risen and you will need strategies to bring it back down. Or perhaps your institution's rate will be at an all-time low, and you'll want it to stay there.

To assist student financial aid professionals in understanding and using cohort default rate information to benefit their institutions and their student loan borrowers, TG will host a free telephone conference entitled "Understanding Cohort Default Rates" on Thursday, February 24, from 2 p.m. to 3 p.m. (CST). Joe Braxton, TG default aversion consultant, will provide an overview of cohort default rates, points of consideration, and additional resources to help you develop or make the most of your student loan default prevention and debt management programs.

A brief question-and-answer session will follow the presentation. Questions may be submitted in advance of the event to sheila.casey@tgslc.org. The telephone conference is free-of-charge and open to participants from any institution. To register, contact Premiere Teleconferencing at (800) 289-0579 and reference confirmation number 3894050.

For more information about the event, visit www.tgslc.org or contact Sheila Casey at (800) 252-9743, ext. 4576, or by e-mail at sheila.casey@tgslc.org.

Common Manual

Common Manual updates

On January 20, 2005, guarantor representatives who serve on the *Common Manual* Governing Board approved several changes to the *Common Manual*. Details on these changes and a newly updated *Integrated Common Manual* incorporating the changes are now available online at www.tgslc.org/resources/integrated_online_manual.cfm. Following are summaries of the latest policy changes.

Loan disbursement

The *Common Manual* has been updated to reflect a regulatory technical correction published in the *Federal Register* on December 31, 2003, that clarifies that schools and lenders are prohibited from obtaining a borrower's power of attorney or other authorization to endorse or otherwise approve the cashing of a loan check, or the delivery of loan funds disbursed through electronic funds transfer (EFT). Schools and lenders are also prohibited from using a document containing the borrower's power of attorney to support another party's endorsement or other method used to approve the cashing of a loan check, or the delivery of loan funds disbursed through EFT.

Affected Sections:	7.7 Disbursing the loan 7.7.C Disbursement by individual check 7.7.D Disbursement by Electronic Funds Transfer (EFT) or Master Check
Effective Date:	Powers of attorney received by the school or lender and used to negotiate loan documents on or after January 30, 2004, unless implemented earlier by the guarantor
Basis:	§682.207(b)(2).
Policy Information:	813/Batch 118
Guarantor Comments:	None.

"Three-Times Rule" for graduated and income-sensitive repayment schedules

The *Common Manual* has been revised to specifically state that according to the "three-times rule," if a borrower has chosen a graduated or income-sensitive repayment schedule, a lender must not permit any single installment to be more than three times greater than any other installment.

Affected Sections:	9.8.B Graduated Repayment Schedule 9.8.C Income-Sensitive Repayment Schedule
Effective Date:	Retroactive to the implementation of the <i>Common Manual</i> .
Basis:	§682.209(a)(7)(ii).
Policy Information:	814/Batch 118
Guarantor Comments:	None.

Default Aversion Assistance Request Period

The *Common Manual* has been revised to add into subsections 11.4.A and 11.4.B a current policy for lenders on requesting default aversion assistance when a default aversion assistance request has been canceled and the loan again ages to the level

at which default aversion assistance is required by the guarantor. This policy text was moved from the section that deals with due diligence requirements for telephone and skip tracing to the appropriate subsections that address the default aversion assistance request period. The existing language in 11.5.A has also been revised to provide consistency with the new language in subsections 11.4.A and 11.4.B.

Affected Sections:	11.4 Due Diligence Requirements
	11.4.A Due Diligence Requirements for Loans with Monthly Repayment Obligations
	11.4.B Due Diligence Requirements for Loans with Repayment Obligations Less Frequent Than Monthly
	11.5.A Default Aversion Assistance Request (DAAR)
Effective Date:	Loans for which the first day of delinquency on the oldest outstanding due date is on or after July 1, 2000, unless implemented earlier by the guarantor.
Basis:	None.
Policy Information:	815/Batch 118
Guarantor Comments:	None.

Legislative update

The February 7 issue of TG's *Legislative Report* includes updates on the Texas Legislature's initial FY 2006-2007 appropriations bill that proposes to decrease funding for the TEXAS Grant program and to increase funding for the Texas B-On Time loan program; an update of higher education- and student financial aid-related bills that have been filed for consideration during the 79th Texas legislative session; a congressional update; and a Sunset Advisory Commission Review update. Keep up with the latest developments by reading the full report on *TG Online* at www.tgslc.org/lege_report/index.cfm.

This, that, and the other

Lumina Foundation for Education, a private, independent organization, has released a report that documents the difficulties that students face in pursuing a higher education. The foundation's report states that the primary obstacles in accessing and succeeding in higher education are inadequate preparation; insufficient awareness information, guidance, and encouragement; and unmet financial need. The study asserts that the inability of federal, state, and institutional financial aid programs to make up the difference between family finances and rising college prices has become a fundamental barrier to a higher education for many students. To view the report, *What We Know about Access and Success in Postsecondary Education*, visit www.luminafoundation.org/research/what_we_know/index.html.



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Shoptalk Online is published by TG. Unless specifically noted, the policies and procedures outlined in *Shoptalk Online* apply only to loans made under the TG guarantee and not to loans underwritten by other guarantors.

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

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