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Tip^{of} the Week

Participate in a free teleconference on understanding and using the recently-released draft cohort default rates. To register, call (800) 289-0579 and reference number 3894050. For more information, contact sheila.casey@tgslc.org.

Federal updates

President Bush releases proposed budget for FY 2006

On February 7, 2005, President Bush submitted his proposed budget for FY 2006 to Congress. Throughout the FY 2006 budget process, the expressed goal of the Bush Administration has been to focus on federal fiscal responsibility by reducing or eliminating funding for programs that:

- Duplicate other programs at the federal or state levels,
- Are not performing well, or
- Have completed their intended mission.

Furthermore, the president's budget for the Department of Education (ED) reflects a redirection of funds into programs that, according to the Administration, either have proven to have a higher likelihood of success, or hold the promise of helping ED reach its goals more effectively.

Laying the groundwork

In its \$2.57 trillion budget for FY 2006, the Administration is recommending considerable reductions in, or the elimination of, funding for nearly 150 programs throughout the federal government — including 48 education programs. The result is a total savings of \$4.3 billion. The budget includes multiple proposals aimed at

improving the higher education programs, and lays the Administration's foundation for the upcoming reauthorization of the Higher Education Act of 1965.

Request for funding

Under the president's budget, ED will administer nearly \$80 billion in the form of grants, loans, and federal work-study (including \$62 billion in FFELP and Direct loans, and \$13.7 billion in Pell grants) to more than 10 million students and parents during FY 2006.

Pell grants

The budget increases the maximum Pell grant for FY 2006 to \$4,150 and provides \$13.7 billion in Pell grants to a projected 5.5 million students. In addition, the Administration proposes to increase the mandatory funding mechanism of the Pell Grant Program to \$19 billion from FY 2006-2015. These funds would be used to:

- Increase the maximum Pell grant award by \$100 per year over the next five years, from \$4,050 to \$4,550.
- Eliminate the current \$4.3 billion Pell Grant Program shortfall.
- Fund \$33 million for a new Enhanced Pell Grants for State Scholars program.

Loan programs

The budget is expected to generate nearly \$34 billion in savings over 10 years by reducing subsidies and payments to lenders, guarantors, and loan consolidators and by modifying interest rates for Consolidation loan borrowers. These savings will be used to assist in:

- Increasing the maximum Pell grant award.
- Paying off the current \$4.3 billion Pell Grant Program shortfall.
- Increasing base Stafford loan limits for first- and second-year students to \$3,500 and \$4,500, respectively; and increasing additional unsubsidized Stafford loan limits for graduate and professional students to \$12,000. The budget would make corresponding changes to aggregate Stafford loan limits for these segments of Stafford loan borrowers.
- Extending the current variable interest rate framework.

In addition, the budget makes permanent the increased teacher loan forgiveness provided to certain qualified teachers under the Taxpayer-Teacher Protection Act of 2004 (see *Shoptalk Online* edition 279 for more information). Furthermore, the budget reinstates two expired disbursement exemptions for schools with cohort default rates of less than 10 percent for the three most recent fiscal years. These schools would be exempt from the requirement that the first disbursement of a Stafford loan to a first-year, first-time borrower be delayed until the borrower has completed the first 30 days of his or her program of study, and from the

requirement that all Stafford and PLUS loans be disbursed in at least two separate disbursements within a loan period.

Campus-based programs

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

- Leave funding of the SEOG and FWS Programs at current levels.
- Phase in revised statutory formulas to allocate campus-based funding to schools.
- Eliminate the Perkins Loan Program's Federal Capital Contributions.
- Replace the 7 percent community service set-aside equal to 20 percent of the FWS appropriation. Schools would apply for community service funds separately from their regular FWS allocation.

Presidential Math and Science Scholars program

The proposed budget also establishes the Presidential Math and Science Scholars program. The program is intended to encourage students to enter into mathematics- and science-related fields. The program would administer \$100 million annually through educational grants of \$5,000 to approximately 20,000 Pell grant recipients.

Loans for Short-Term Training program

The budget also allocates \$11 million to a new program called Loans for Short-Term Training, which, for the first time, provides access to federal financial aid for short-term training programs. Short-term training programs serve dislocated, unemployed, transitioning, or older workers and students seeking to acquire or upgrade job related skills.

Elimination of funding

As an example of the Administration's effort to meet budgetary goals, the Administration eliminated similar programs already included in the comprehensive High School Intervention initiative, including:

- Upward Bound.
- Upward Bound Math and Science.
- Talent Search.
- Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP).

Additionally, the Bush Administration has cut the following programs from the budget because of redundancy with other federal or state programs, ineffectiveness, or completion of program goals:

- All vocational and technical education programs.
- Safe and Drug-Free Schools and Communities State Grants.
- Several of the TRIO programs.
- The Leveraging Educational Assistance Partnerships (LEAP) Program.

More information

The president's complete FY 2006 budget is available online at www.whitehouse.gov/omb/budget/fy2006/budget.html. To review a summary of ED's FY 2006 budget, visit www.ed.gov/about/overview/budget/budget06/summary/06summary.pdf.

Closed school corner

Following is a list of newly reported school closures and error corrections from the Postsecondary Educational Participants System (PEPS) and from the January 2005 Closed School Monthly Report supplied by ED:

Newly reported closures

OPE School ID	School Name and Address	Unofficial Closure Date	ED's Official Closure Date
00991704	Ivy Tech State College Wheeler Bldg 5749 Wheeler Rd. Indianapolis, IN 46216-1010	N/A	8/20/2004
00922300	MBTI Business Training Institute 606 W. Wisconsin Ave. Milwaukee, WI 53203-1905	N/A	8/31/2002

TG updates

TG financial aid awareness events reach thousands of students and families

TG hosted two special events in February to provide students and families with important information about applying for and receiving federal student financial aid.

On February 3, TG broadcasted its tenth annual videoconference, *The FAFSA Made Easy*, to more than 180 host sites around the country. The videoconference helps

students and families complete the Free Application for Federal Student Aid (FAFSA) and provides information on debt management and other financial aid issues.

On January 27 and February 1, 3, 8, and 9, TG hosted a new series of FAFSA telethons, which were broadcast on the evening news in several cities around the state. The series of media events were developed by the Texas Higher Education Coordinating Board (THECB) and TG to get the word out to students and families about the Texas Financial Aid Information Center (TFAIC) and the availability of federal student financial aid.

During the financial aid telethons, students and families could call the TFAIC hotline to request a FAFSA information packet or to ask questions about completing the FAFSA or about federal student financial aid.

Great results

The number of calls received during the telethon far exceeded expectations.

The first telethon, which took place in Dallas, yielded more than 3,400 calls for the TFAIC hotline — more than twice the number of calls normally answered in one month. From there the response continued to grow.

For subsequent broadcasts on February 1, 3, 8, and 9, television news crews from the CBS and the Spanish-language Univision stations in Houston, San Antonio, and the Rio Grande Valley visited TG to tape segments or connect live feeds via satellite for their evening news broadcasts.

Calls to the TFAIC hotline were answered by TG team members in both English and Spanish, as well as by volunteers from the THECB and many schools and lenders, including the University of Texas at Austin, Austin Community College, El Centro Community College, Dallas Baptist University, the University of North Texas, Texas Woman's University, St. Edward's University, Chase Education First, and Citibank Student Loan Corp.

The results were overwhelming. On Thursday, February 3, the telethon generated more than 20,000 calls. The total number of calls for all nights of the telethon was more than 41,000.

Beth Landrum, TG customer assistance liaison to the THECB, said the telethon event also connected with more than just parents. "We had lots of grandparents calling in to get information for their grandchildren," Beth said. "And we had aunts and uncles calling for nieces and nephews, which was great. People were looking out not only for their own children but for other family members as well."

Future events

The telethons helped TG pave a new and exciting path in how we provide our services to students and families. Its success has already started discussions at TG and at the THECB for another telethon next year. Plans are underway to improve the telethon and to make it available to students and families in other regions.

Contact TFAIC

TFAIC representatives are available Monday through Friday from 8 a.m. to 5 p.m. (CT) and can be reached by calling (888) 311-8881.

TG Conference update and TUG meeting

Mark your calendars now for the TG Users Group (TUG) Meeting, to be held in Austin, Texas on Monday, April 11, 2005, at the Hilton Austin. The TUG Meeting is being held on the first day of the 2005 TG Conference, "Breakthrough! Higher expectations in higher education," which will take place April 11-13, 2005.

An agenda for the meeting is available online at www.tgslc.org/tug/agen_20050411.cfm.

About TUG

TUG meetings offer schools and lenders the opportunity to share ideas with colleagues and provide input to TG. Through fall and spring meetings, training events, and a listserv, TUG offers members an opportunity to exchange ideas about how to use and improve TG solutions, tools, and services. No fees are required to become a member. All customers who use TG's solutions, tools and services are considered members of this group.

To learn more about TUG, visit www.tgslc.org/tug/index.cfm.

How to register

To register for the next TUG meeting, visit the 2005 TG Conference registration Web page at www.tgslc.org/tgconference/register.cfm. You will have an opportunity to register for the TUG meeting as part of your registration for the TG Conference.

If you have any questions about the next TUG meeting, please contact Sheila Casey at (800) 252-9743, ext. 4576, or send an e-mail to sheila.casey@tgslc.org.

More hotel rooms available

In addition, The Hampton Inn Suites Austin Downtown will serve as the overflow hotel for this year's conference and is approximately three blocks from the Austin Hilton. Ask for the "TG Conference" block. The room rate is \$119 per night, or \$80 per night for the government rate. The cutoff date for this special rate is March 28, 2005. For reservations, call (512) 472-1500.

This, that, and the other

A report issued last week by the Institute for Higher Education Policy shows that states' investment in higher education dramatically impacts both the collective well-being of each state as well as individual citizens. The report shows that states benefit from spending on higher education with a richer populace that is more likely

to be employed, less dependent on welfare, healthier, and more likely to vote and volunteer than people without a higher education.

The report, titled "The Investment Payoff: A 50-State Analysis of the Public and Private Benefits of Higher Education," can be read in its entirety by visiting the organization's Web site at www.ihep.org.



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