

In this issue:

Federal updates	1
Reauthorization watch	1
Current special allowance rates: quarter ending March 31, 2005	3
TG updates	3
TG launches Center for Financial Aid Policy in Community Colleges	3
Common Manual	5
<i>Common Manual</i> updates.....	5
Trends and issues	7
<i>Edufacts</i> [™] — November 2004.....	7
TG co-sponsors chat event to help borrowers having problems making student loan payments ..	7
Legislative update	8
This, that, and the other	8

Tip^{of} the Week

Finding a job is the first step to successfully repaying a student loan. Have your students seeking employment visit www.jobgusher.com, TG's job search Web site especially for college students and recent graduates.

Federal updates

Reauthorization watch

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

New House bills

The House Education and the Workforce Committee introduced several reauthorization bills. Like many of the reauthorization bills this session, these bills are nearly identical to legislation introduced during the 108th Congress. These bills include:

- Student Aid Reward Act of 2005 (STAR Act)

The House Education and the Workforce Committee introduced H.R. 1425, the Student Aid Reward Act of 2005 (STAR Act). The bill, sponsored by Rep. Thomas

Petri, is similar to the Direct Loan Reward Act of 2004, with the exception that it proposes to create a Student Aid Reward Program that encourages schools to participate in a more cost efficient delivery of federal student loans, rather than singling out the Direct Loan Program specifically. Like the Direct Loan Reward Act of 2004, the bill also proposes to use taxpayer savings to increase grant aid.

To view the bill text, visit www.tgslc.org/reauth/reauth_bills_109.cfm#HR1425.

For more information on the Direct Loan Reward Act of 2004, H.R. 4370, visit TG's 108th Congress (2003-2004) archive at www.tgslc.org/reauth/reauth_bills_108.cfm.

- Access and Equity in Higher Education Act

The House Education and the Workforce Committee reintroduced H.R. 1293, the Access and Equity in Higher Education Act. The bill, sponsored by Rep. Rob Andrews, proposes to reduce or, in some cases, eliminate origination fees on student loans; increase loan limits; change interest rates on Consolidation loans to a variable rate; and create new flexible student loan repayment plans.

To view the bill text, visit www.tgslc.org/reauth/reauth_bills_109.cfm#HR1293.

- College Aid Made EZ Act

The House Education and the Workforce Committee introduced H.R. 1277, the College Aid Made EZ Act. The bill, sponsored by Rep. Rahm Emanuel, proposes to simplify the federal student aid application process.

To view the bill text, visit www.tgslc.org/reauth/reauth_bills_109.cfm#HR1277.

- Removing Impediments to Students Education Act (RISE Act)

The House Education and the Workforce Committee introduced H.R. 1184, the Removing Impediments to Students Education Act (RISE Act). The bill, sponsored by Rep. Barney Frank, proposes to repeal provisions of the Higher Education Act that prohibit individuals convicted of minor drug offenses from obtaining Title IV aid.

To view the bill text, visit www.tgslc.org/reauth/reauth_bills_109.cfm#HR1184.

- Student Loan Fairness Act of 2005

The House Education and the Workforce Committee reintroduced H.R. 1029, the Student Loan Fairness Act of 2005. The bill, sponsored by Rep. David Wu, proposes to allow borrowers to refinance their student loans, and to allow borrowers the right to choose a student loan consolidator by eliminating the single-holder rule. The bill also proposes to implement variable interest rates for Consolidation loans on or after July 1, 2006.

To view the bill text, visit www.tgslc.org/reauth/reauth_bills_109.cfm#HR1029.

More information

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.

Current special allowance rates: quarter ending March 31, 2005

The following rates apply for the quarter ending March 31, 2005:

- The average of the bond equivalent rates of the 91-day Treasury bills auctioned during the quarter ending March 31, 2005, is 2.60 percent.
- The average of the bond equivalent rates of the quotes of the three-month commercial paper (financial) rates in effect for each of the days in the quarter ending March 31, 2005, is 2.78 percent.

The FFELP special allowance rates for the most recent quarter are available at: www.tgslc.org/pdf/sa033105.pdf.

Questions

For questions about special allowance rates, contact TG customer assistance at (800) 845-6267 or send an e-mail message to cust.assist@tgslc.org.

TG updates

TG launches Center for Financial Aid Policy in Community Colleges

In response to the unprecedented growth in community college enrollment nationwide, TG has initiated a center focused on helping community colleges meet their enrollment and graduation goals. The Center for Financial Aid Policy in Community Colleges' mission is to shape effective financial aid policy and practices that impact student enrollment, retention, and graduation rates at community colleges.

The center will collaborate with state and national education and legislative organizations to lead policy development, provide professional development programs and resources for financial aid administrators, and conduct research.

Background

In 2004, TG and the Texas Association of Community Colleges (TACC) completed a needs assessment to determine the demand for creating such a center. The needs assessment included interviews with community college financial aid directors who represented urban and rural institutions that participate in both the FFELP and Federal Direct Loan Program, as well as colleges that do not participate in either

program. The assessment focused on the impact that increasing enrollment will have at community colleges.

Nationally, community college enrollment is growing, spurred by increasing tuition costs at 4-year schools and more people seeking a higher education. In Texas, 60 percent of higher education enrollment growth is expected to occur at community and technical colleges as a result of the state's *Closing the Gap by 2015* initiative.

The assessment determined that the following factors will most heavily impact financial aid offices at community colleges:

- Upcoming community college students will be even more reliant on financial aid to participate in higher education.
- College costs and the available financial aid heavily influence the decision of low-income students to participate in higher education.
- Students may have the college preparation needed to succeed in college, but still lack the ability to pay for college.
- A decline in need-based aid threatens low-income students' ability to participate in higher education.
- The volume of growth in student enrollment, coupled with the growth of students who apply for aid but never attend, will create unprecedented stress on community college financial aid offices.

To provide support to community colleges, the center will focus its efforts on four core components:

- **Advocacy:** The center will work to strengthen the understanding of financial aid policies and practices at community colleges with policy makers and others to increase support for improved policies and resources.
- **Research:** The center will conduct research regarding financial aid and its impact on student enrollment, retention, and graduation at community colleges.
- **Professional development:** The center will provide initiatives to enhance financial aid operations and best practices at community colleges.
- **Clearinghouse:** The center will analyze, publish, and provide information through a Web-based repository that is relevant to financial aid professionals at 2-year colleges.

More information

Vickie Murillo has been named director of the center. Vickie joined TG in 1999 as director of community and public affairs and provided leadership to the Council for the Management of Educational Finance. In 2003, she became the director of TG's national sales operations.

Before joining TG, Vickie held various recruitment, counseling, advising, and financial aid positions at Austin Community College. She holds a doctorate from the Community College Leadership Program at the University of Texas at Austin.

To find out more about the center, contact Vickie at (800) 252-9743, ext. 4549, or send an e-mail message to vickie.murillo@tgslc.org.

Common Manual

Common Manual updates

On March 17, 2005, guarantor representatives 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.

Paid-In-Full Status and Reporting Time Frames

The *Common Manual* has been revised to clarify that a lender is required to promptly report to the guarantor each loan that is paid in full. Information has been added to note that a lender may report this loan status change using an electronic exchange. Additionally, the requirement that the lender's notification to the borrower be in a format acceptable under state law has been removed and information noting that a lender must report a loan's paid-in-full status to at least one credit bureau has been added.

Affected Sections:	3.5.H Reporting Loans Paid in Full
Effective Date:	Loans paid in full by the borrower or another source on or after January 1, 2005.
Basis:	None.
Policy Information:	811/Batch 118
Guarantor Comments:	None.

Suspending Collection Activity upon Notification of the Student's Death in the Case of a Consolidation Loan that Paid in Full a PLUS Loan

The *Common Manual* has been revised to state that a lender must suspend collection activity on a Consolidation loan that paid in full a PLUS loan after receiving reliable but unofficial notification that the student for whom a PLUS loan was made has died. The lender must suspend collection activity on the loan for a period of up to 60 days, until the lender receives documentation of the death. If the lender needs time in addition to the initial 60-day mandatory administrative forbearance period to obtain documentation of the death of the borrower or student, the lender may grant an administrative forbearance on the loan for up to an additional 60 days, for a total suspension of collection activity of up to 120 days.

Affected Sections: 10.19.E Death
10.21.A Death
12.8.C Death

Effective Date: Reliable notification of a student's death received by a consolidating lender on or after July 1, 2005.

Basis: §682.402(b)(1), (3) and (6); *Federal Register* dated August 6, 2002, p. 51041; *Federal Register* dated November 1, 2002, p. 67067.

Policy Information: 820/Batch 120

Guarantor Comments: None.

Increased Unsubsidized Stafford Loan Limits for Health Profession Students

The *Common Manual* has been updated to clarify that foreign schools may not certify the increased unsubsidized Stafford loan amounts certified by schools with eligible health profession programs.

Affected Sections: 6.11.C Increased Unsubsidized Stafford Loan Limits for Health Profession Students

Effective Date: Loan periods beginning on or after May 1, 1999.

Basis: DCL GEN-99-21; Private guidance issued to Congressman Matthew G. Martinez by former Education Secretary Richard Riley.

Policy Information: 821/Batch 120

Guarantor Comments: None.

Teacher Certification and Recertification

The Common Manual has been updated to clarify that a student who is not enrolled in a formal teacher certification program but who is taking a series of courses necessary to obtain certification or recertification from the state is also exempt from the requirement that the student be enrolled or accepted for enrollment as a regular student in a degree or certificate program in order to be eligible for FFELP loans. The program, or series of courses, must be required for elementary or secondary teacher certification or recertification in the state where the student plans to teach or in the state where the student is completing the program. The school must develop a process to identify the student as pursuing teacher certification or recertification and must document that the courses are required by the state for teacher certification or recertification. Information has also been added to clarify that this exemption does not apply to students seeking a professional credential or certification that is required for employment as a non-

teaching professional (e.g., a school administrator, guidance counselor, or librarian).

Affected Sections:	5.10 Student Enrollment Requirements
Effective Date:	Retroactive to the implementation of the <i>Common Manual</i> .
Basis:	Private guidance received by NSLP from Pam Moran of the Department of Education's Office of Postsecondary Education.
Policy Information:	822/Batch 120
Guarantor Comments:	None.

Trends and issues

Edufacts™ — March 2005

Each month, TG provides current information about education issues through *Edufacts*. Produced by TG as a public service, *Edufacts* summarizes studies and surveys conducted by TG and other educational organizations, and trends observed. Each *Edufacts* is accompanied by a graphic that illustrates the data from the study or survey. School financial aid officers and administrators may download *Edufacts* and the graphic free of charge for use in their campus publications, brochures, posters, etc. targeted to students. This month, *Edufacts* looks U.S. Census Bureau information that confirms the widening income gap between workers with various levels of a college degree and those with a high school diploma or less. To view the March 2005 *Edufacts* and download the accompanying graphic, visit www.tgslc.org/edufacts/edufacts_0305.cfm.

TG co-sponsors chat event to help borrowers having problems making student loan payments

Deferments, forbearances, and default prevention will be the topics of an upcoming *Mapping Your Future™* online chat event scheduled for Tuesday, April 12, 2005 at 6 p.m. (CDT) on the *Mapping Your Future* Web site, www.mapping-your-future.org.

Mapping Your Future, a public-service, nonprofit organization providing college, career, financial aid, and financial literacy information and services, will offer this special chat event. Experts from across the country will answer questions during the chat, which is designed to help students and their families understand the types of forbearances and deferments that are available in the event of financial difficulties and how to apply for them, along with other default prevention advice.

Anyone with Internet access can join the chat by visiting the *Mapping Your Future* Web site. At the time of the event, visitors should go to mapping-your-future.org and select the chat session at the top of the home page.

Other special chat events are scheduled during the year:

- May 10, 2005: Loan consolidation, forgiveness, cancellation, and discharge
- August 9, 2005: College admissions and standardized tests
- September 13, 2005: Debt management strategies

Mapping Your Future is a national, collaborative, public-service project of financial aid industry partners that provides free college, career, financial aid, and financial literacy services to students, families, and schools.

Legislative update

The March 30 issue of TG's *Legislative Report* includes updates on the adoption of the House and Senate FY 2006 budget resolution; an overview of bills before Congress that affect student financial aid and higher education; a Texas legislative update on bills passed in the House and Senate that affect student financial aid and higher education; and an update on TG's Sunset Advisory Commission review. 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

According to a CNN article, more college campuses around the nation are using recreation centers — equipped with basketball courts, weight equipment, swimming pools, and even rock-climbing walls — to woo prospective students. The article states this is part of a trend of schools attempting to attract students with various perks like private bathrooms and cable television. Some schools are spending millions of dollars to build or upgrade their recreation centers. School administrators say the recreation centers address students' increased involvement in athletics and fitness, provide an additional social setting on campus, and offer faculty members a place to exercise as well. To read the article, visit www.cnn.com/2005/EDUCATION/04/01/campus.rec.centers.ap/index.html.



P.O. Box 83100
 Round Rock, TX 78683-3100
 (800) 252-9743
 (512) 219-5700
 (512) 219-4560 TDD

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.

Contributors to this edition: Kristin Boyer, Kelly Kaelin, Art Martinez, and Susan Martinez. Edited by TG Communications and Policy and Regulatory Affairs. Designed by TG Communications.

©2005 Texas Guaranteed Student Loan Corporation.
 The TG logo is a trademark of Texas Guaranteed Student Loan Corporation.