

## In this issue:

<b>Federal updates</b> .....	<b>1</b>
Higher Education act granted another extension...	1
The rebirth of reauthorization? .....	1
ED releases guidance on lender reporting.....	3
<b>TG updates</b> .....	<b>4</b>
Question of the week .....	4
<b>Trends and issues</b> .....	<b>5</b>
<i>Mapping Your Future</i> <sup>®</sup> launches online financial literacy educational tool.....	5
<b>This, that, and the other</b> .....	<b>6</b>

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

Friday is the registration deadline for the 2006 TG Conference. If you haven't already registered for three days of premier industry and professional development training, visit the TG Conference page on *TG Online* at [www.tgslc.org/tgconference/register.cfm](http://www.tgslc.org/tgconference/register.cfm)

## Federal updates

### Higher Education Act granted another extension

On April 1, 2006, the president signed into law H.R. 4911, the Higher Education Extension Act of 2006. Previous legislation (H.R. 4525) had temporarily extended the Higher Education Act of 1965 (HEA) in its current state through March 31, 2006; this new legislation further extends the HEA through June 30, 2006, allowing Congress additional time to reach agreement on reauthorization issues.

H.R. 4911 also notes that the amendments to the HEA and the Teacher-Taxpayer Act of 2004 contained in the Higher Education Reconciliation Act of 2005 supersede this temporary extension of the HEA.

#### More information

For more information on this extension of the HEA, contact TG customer assistance at (800) 845-6267 or send an e-mail message to [cust.assist@tgslc.org](mailto:cust.assist@tgslc.org).

### The rebirth of reauthorization?

Last week, the U.S. House of Representatives passed H.R. 609, the College Access and Opportunity Act, by a vote of 221 to 199. But while the passage of this bill (the House's comprehensive reauthorization legislation) in the House may have

jump started the reauthorization process again, its rebirth may be short lived, as the Senate is expected to follow a different path on its own timetable.

### **Background on H.R. 609**

H.R. 609 was first introduced as H.R. 4283 during the 108th Congress in May 2004 by then-House Education and the Workforce Chairman John Boehner (R-OH) (now the U.S. House Majority Leader) and Congressman Howard “Buck” McKeon (who became the House Education and the Workforce Chairman upon Boehner’s departure). It was reintroduced in the House last week, several amendments were debated, and the bill passed the House on March 30.

### **Provisions of H.R. 609**

Although the Higher Education Reconciliation Act (HERA) reauthorized the FFELP and Direct Loan Programs of Title IV of the Higher Education Act of 1965 (HEA), the remaining programs of Title IV still wait to be reauthorized. The HERA’s focus was on finding and implementing cost savings throughout the HEA. Sponsors of the College Access and Opportunity Act (the bill) believe that there is additional work to be done within the Act that will, according to its sponsors, strengthen and improve the nation’s higher education system by expanding college access for low- and middle-income students. The bill attempts to carry out these goals by implementing new HEA provisions and amending existing HEA provisions.

Following are various highlights of provisions contained in the bill (Note: just as a reminder, these provisions are in the House bill alone and will not become effective unless passed by the Senate and signed into law):

#### **School-related provisions**

- Provides for year-round Pell grants.
- Establishes the Pell Grant Plus Program.
- Repeals Pell grant tuition sensitivity.
- Applies the 90/10 rule to all institutions of higher education participating in federal student aid programs.
- Creates a single definition of institution of higher education.
- Creates College Consumer Profiles which are to be made available to and understandable by the general public.
- Publicly identifies federally-funded institutions that increase tuition and fees at twice the rate of inflation over a three-year interval.
- Requires institutions to establish and make public transfer of credit policies.

#### **Lender-related provisions**

- Eliminates the single-holder rule.

- Requires lenders to report to all three major credit bureaus.
- Provides for interest-only repayment plans for borrowers.
- Eliminates the “three-times” rule.
- Requires that consolidation loan borrowers be provided with comprehensive, loan specific information regarding consolidation.

### **Miscellaneous provisions**

- Establishes a national loan forgiveness program for individuals who serve for five consecutive years in areas of national need as defined in the law or identified by the Secretary of Education.
- Establishes that a borrower certified as permanently and totally disabled by the Department of Veterans Affairs or the Social Security Administration is not required to provide further documentation for purposes of student loan discharge.
- Prohibits the creation of a unit record system that maintains personally identifiable data about students enrolled in postsecondary education.
- Aligns teacher training with the No Child Left Behind Act.

### **What’s next?**

With the House passage of H.R. 609, it moves to the Senate for consideration. It is anticipated that rather than pass the House bill, the Senate will consider S. 1614 (the Higher Education Amendments of 2005), a comprehensive reauthorization bill crafted by the Committee on Health, Education, Labor, and Pensions. If the Senate successfully passes its own bill, H.R. 609 and S. 1614 will be sent to a joint committee to align both chambers’ versions. After both chambers reach compromise on a single bill, it will be sent back to both the House and the Senate for final passage before going to the president for signature and enactment.

### **More information**

For more information on the status of reauthorization; H.R. 609, the College Access and Opportunity Act; or S. 1614, the Higher Education Amendments of 2005, visit TG’s reauthorization Web page at [www.tgslc.org/reauth/index.cfm](http://www.tgslc.org/reauth/index.cfm), and read TG’s *Legislative Report* at [www.tgslc.org/lege\\_report/index.cfm](http://www.tgslc.org/lege_report/index.cfm).

## **ED releases guidance on lender reporting**

On Thursday, March 30, ED released Dear Colleague Letter (DCL) FP-06-04. The letter provides guidance on reporting changes to the Lender’s Interest and Special

Allowance Request and Report (LaRS) resulting from new provisions in the Higher Education Reconciliation Act (HERA). DCL FP-06-04 is available for download on the Information for Financial Aid Professionals (IFAP) Web site at <http://ifap.ed.gov/dpccletters/FP0604.html>.

### **Topics covered in the letter include:**

- Reduction of origination fees
- New interest rates for FFELP PLUS and Stafford loans
- Changes to special allowance
- Special allowance payments on tax-exempt loans
- Restriction of special allowance on PLUS loans
- Lender identification number assignment
- Consolidation rebate fees
- Lender profile updates
- OPA renewal deadline
- Treasury Offset Program (TOP)

### **More information**

If you have questions about DCL FP-06-04, call TG customer assistance at (800) 845-6267 or send an e-mail message to [cust.assist@tgslc.org](mailto:cust.assist@tgslc.org).

## **TG updates**

### **Question of the week**

Q: If a student enrolls in the summer as an undergraduate and receives a subsidized Stafford loan, would the amount that the student borrowed in the summer impact how much the student could borrow in subsidized Stafford loan funds as a graduate student in the following fall and spring? (NOTE: In this scenario, we assume that the student has enough financial need to qualify for the base Stafford loan limit in all subsidized funds.)

A: First, let's establish that the maximum that a graduate or professional student may borrow in Stafford loan funds for one academic year is currently \$18,500 (no more than \$8,500 of which can be subsidized; this is often referred to as the base annual Stafford loan limit). Based on the scenario above, there are two possibilities:

- If the school begins its academic year with summer (using summer as a header), then the amount that the student receives in the summer would have

to be subtracted from the student's base annual Stafford loan limit. Because the student is now at the graduate level, the student's fall/spring award would be \$8,500 less the amount of the subsidized Stafford loan the student received in the summer.

- If the school ends its academic year with summer (using summer as a trailer), then the school would be able to start the new graduate student with a new annual Stafford loan limit, and award the student the full \$8,500 base annual Stafford loan limit in subsidized funds.

### **Do you have a question?**

If you have a question that needs an answer, feel free to *Ask TG*<sup>™</sup>. *Ask TG* is TG's online query tool for borrowers, schools, and lenders. *Ask TG* includes a database of frequently asked questions about financial aid, student loan processing, and TG's products and services. To submit a question to *Ask TG*, visit <http://tgsic.custhelp.com>.

## **Trends and issues**

### ***Mapping Your Future*<sup>®</sup> launches online financial literacy educational tool**

Mapping Your Future recently launched *Show Me the Future*<sup>™</sup>, an online life skills and financial literacy game for high school students. *Show Me the Future* teaches players the importance of life skills and provides financial tools necessary to make personal financial decisions. The game is accessible to anyone on the *Mapping Your Future* Web site.

During the game, players will randomly be assigned a career (with salary, educational requirements, and accompanying student loan debt, if applicable), and family status (married or single with one, two, or three children). The players then make the following decisions:

- Housing: rent or own with various price levels for each status
- Transportation: Public transportation or purchase a vehicle from various cost options
- Groceries: low-, medium-, or high-cost packages
- Childcare, if applicable
- Insurance: home owners/renters, automobile, health, life
- Clothing: low-, medium-, or high-cost options
- Personal care items: low-, medium-, or high-cost products
- Charitable contributions
- Entertainment and vacations: low, medium or high budget
- Investments/savings

After making these decisions, the game reflects how much money is left in the monthly budget. More importantly, students have the opportunity to witness a direct correlation between their wants and needs and their career and financial choices. Students can play multiple times to determine if they are making more financially sound decisions.

*Show Me the Future* can be found on <http://showmethefuture.org> or by visiting the *Mapping Your Future* homepage at <http://mapping-your-future.org/>.

### **Learn more**

*Show Me the Future* is provided to students free of charge, thanks to the support of *Mapping Your Future's* Sponsors and Friends, including TG. For more information on the project, contact CariAnne Behr at [carianne@mapping-your-future.org](mailto:carianne@mapping-your-future.org) or (573) 634-8641.

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

Whether looking for a career change or to advance in their current career, thousands of adults are seeking not one, but a second master's degree, reports *The Washington Post*. Adult education is thriving nationwide, with more than 92 million adults taking college classes. And increasingly, they are returning to school for a second advanced degree even as they juggle full-time jobs and families.

While such students are not specifically counted by the Department of Education or individual colleges, anecdotal evidence from admissions officers and professors suggests that young professionals are buying into the idea of lifelong learning. After all, a second advanced degree can help them stand out in an era when everyone seems to have a bachelor's degree, and more and more people have a master's.

For colleges, adult students represent an important profit center. Adult students fill classrooms that would otherwise sit empty at night, are taught mostly by part-time professors paid per class, and require few of the services that traditional undergraduates demand, such as financial aid, dining halls or intramural sports. Adult classes generate profit margins of at least 10 and up to 50 percent. To read the April 2, 2006, article, visit <http://www.washingtonpost.com/wp-dyn/content/article/2006/03/28/AR2006032801328.html>



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