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Tip^{of} the Week

Take advantage of TG's Integrated Default Assistant (IDA™) and learn how it can help your school manage its TG cohort default rate. To find out more, call (800) 252-9743, ext. 4765.

Federal updates

DCL provides information about new federal grant programs

On April 5, ED released GEN-06-04, a Dear Colleague Letter (DCL) which provides a general overview of the Academic Competitiveness Grant and SMART Grant Programs. These programs, established by the Higher Education Reconciliation Act of 2005 (HERA), offer a new source of funding for undergraduate students who meet certain need- and merit-based criteria. We anticipate that ED will be providing more detailed information about the administration of these grant programs in the near future.

Academic Competitiveness Grant

An eligible student may receive the Academic Competitiveness Grant (ACG) in the amount of \$750 for the first year of study and \$1,300 for the second year of study. Each ACG recipient:

- Must be a Pell-eligible U.S. citizen.
- Must be enrolled full-time in the first or second year of a degree program at a two- or four-year degree-granting school.
- Must have completed a rigorous high school program (after January 1, 2006, for first-year recipients in 2006-07, or after January 1, 2005, for second-year recipients in 2006-07).
- Must not have been previously enrolled in an undergraduate program, if a first-year student, and must have earned a minimum 3.0 cumulative GPA at the end of the first year of undergraduate study, if a second-year student.

Awarding the ACG

ED will identify FAFSA applicants who are potentially eligible for the ACG (based on EFC, U.S. citizenship, and anticipated grade level) and notify them of their potential eligibility (either by e-mail or by regular mail, if the student does not provide an e-mail address on his or her FAFSA). A notified student may then self-certify via an ED Web site that he or she has completed a "rigorous" high-school program of study. (ED will provide an alternative means of self-certification for students who do not have Internet access.) ED will then notify the schools listed on the student's FAFSA of the student's potential eligibility, and the school the student attends will be responsible for confirming the student's eligibility and submitting payment information records to ED through COD.

SMART Grant

The SMART Grant Program will award \$4,000 per year for the third and fourth years of undergraduate study. Each SMART Grant recipient must:

- Be a Pell-eligible U.S. citizen.
- Enroll full time in the third or fourth year of an undergraduate degree program at a four-year degree granting institution.
- Pursue one of the following majors: physical, life, or computer sciences; mathematics; technology; engineering (as determined by ED); or a foreign language deemed critical to U.S. national security (as determined by ED in conjunction with the director of National Intelligence).
- Earn a minimum 3.0 cumulative GPA in coursework required for the major.

Awarding the SMART Grant

In awarding SMART Grants, the school will be responsible for identifying potentially-eligible students (based on U.S. citizenship, Pell grant eligibility, and full-time enrollment), and coordinating with appropriate campus entities to determine GPA and major code eligibility (using a list of eligible majors determined by ED, using the Classification of Instruction Program codes). As with the ACG, once a school has confirmed the student's eligibility for a SMART Grant, the school will request the funds and draw them down through COD.

Additional issues and unanswered questions

The following are a couple of additional issues that the DCL addresses, a few that it does not, and one area of discrepancy between the HERA and the DCL.

- In GEN-06-04, ED stresses that a student may not receive more than one ACG or SMART Grant award in each year that he or she is enrolled and eligible. ED also notes that if, in any given year, funding appropriated for the grant program is not sufficient to award all eligible recipients at the established amounts, the annual award amounts for that year will be "ratably reduced."
- For the purpose of determining a student's cumulative GPA for SMART Grant eligibility, it is uncertain at this time which coursework will be considered "required for the major" — in other words, it is unknown whether a school will consider all coursework that counts toward a degree or only coursework within a specific department.
- It is unclear whether certain types of "nontraditional" high school graduates will be eligible for the ACG. Such nontraditional students include graduates of overseas or foreign high schools (including high school programs at U.S. military bases), students who complete concurrent enrollment coursework (i.e., college coursework taken during high school), as well as graduates from private or home-school programs.
- ED has not stated whether students' grades, major codes, or other academic performance information will be reported to ED at any point during the awarding or disbursement process.
- Finally, ED is expected to provide clarification regarding the process of including an ACG or SMART Grant in a student's aid package. The HERA states that "the amount of such grant, in combination with the Federal Pell Grant assistance and other student financial assistance available to such student, shall not exceed the student's *cost of attendance*," whereas GEN-06-04 states that "the amount of the student's grant, in combination with the student's Federal Pell Grant assistance and other resources and estimated financial assistance, may not exceed the student's *financial need*." TG anticipates that ED will soon issue additional information about this disparity.

What's next?

TG anticipates that regulations (a.k.a. final rules) regarding the new grant programs will be published in the near future. However, be aware that some of those regulations could be modified the next time that negotiated rulemaking occurs. In addition, ED is expected to publish a list of eligible majors for the SMART Grant Program shortly. By July 1, students with a 2006-07 FAFSA on file will be notified of ACG eligibility and ED's online self-certification module will be available.

More information

Shoptalk Online will provide information about additional ED guidance as it become available. GEN-06-04 is available at <http://ifap.ed.gov/dpccletters/GEN0604.html>. For more information about the Academic Competitiveness and SMART Grant Programs, call TG customer assistance at (800) 845-6267 or send an e-mail message to cust.assist@tgslc.org.

ED releases final volumes of the 2006-07 FSA Handbook— TG offers complete bookmarked version

With the release of volume 1, Student Eligibility; volume 2, School Eligibility and Operations; and volume 3, Calculating Awards and Packaging, of the new 2006-07 Federal Student Aid Handbook (FSA Handbook), all volumes of the latest edition of the FSA Handbook are now available. To assist customers in using the FSA Handbook as a whole, TG has combined all of its volumes into one easy-to-use, searchable PDF. The PDF includes bookmarks of all the individual volumes, as well as bookmarks of the chapters and appendices within each volume. TG will make updates to the bookmarked file as they become available from ED.

Accessing the bookmarked FSA Handbook

To access this practical research tool, visit *TG Online* at www.tgslc.org/resources/fsa_handbook.cfm.

Questions

For questions about the 2006-07 FSA Handbook, contact TG customer assistance at (800) 845-6267 or send an e-mail message to cust.assist@tgslc.org.

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 March 2006 Closed School Monthly Report supplied by the Department of Education:

Newly reported closures

OPE School ID	School Name and Address	Unofficial Closure Date	ED's Official Closure Date
02065100	Remington College – New Orleans 321 Veterans Memorial Blvd. Metairie, LA 70005-3007	N/A	08/25/2005

TG updates

TG to subsidize federal default fee on behalf of students

TG will subsidize the 1 percent federal default fee for federal Stafford and PLUS loans on behalf of student and parent borrowers for the 2006-07 Award Year (loans guaranteed through June 30, 2007). TG's board of directors last week approved the subsidy, which is expected to provide about \$35 million in savings to more than 500,000 borrowers over the next year.

The recently enacted Deficit Reduction Act (Public Law 109-171) requires guarantors to deposit 1 percent of loans guaranteed and disbursed on or after July 1, 2006, into the federal fund. The federal fund is owned by the federal government and covers its risk associated with student loan default. TG's board of directors will evaluate the continuation of this subsidy beyond the next award year by spring 2007.

"TG has been able to provide \$150 million in savings to more than 1.2 million borrowers over the past seven years through its guarantee fee waiver," said Albon Head, chair of TG's board of directors, "We are delighted that by subsidizing this fee, we can continue to provide students with additional funds to apply directly to their educational expenses."

TG's President and CEO, Sue McMillin, pointed out that TG's subsidy of the federal default fee will not compromise the exceptional customer service and products for which TG is known.

"We are pleased to have the opportunity to assist students and families through this direct benefit to education loan borrowers," McMillin said. "At the same time, we are mindful of our obligation to maintain the financial integrity and stability of the Federal Family Education Loan Program for generations to come."

TG offers student financial literacy and retention workshops nationwide

Spring is a good time for schools to explore new ways to improve their student retention and graduation rates by strengthening their campus-student connections and sharpening their students' financial literacy skills.

Over the next few months, TG will offer workshops across the country that will address these issues as part of TG's Positive+Balance™ program, an initiative that focuses on the connection between debt management and student success — both on campus and after graduation.

The workshops will be provided at no cost to attendees and will provide opportunities for higher education and financial aid professionals to:

- Examine cumulative default rates and learn why student loan default may still be an issue for a campus despite current cohort default rates,
- Learn why developing a successful financial literacy program on your campus will help students succeed in school and after graduation and how TG's Positive+Balance program can help, and
- Understand campuses' current practices for helping students succeed and how to incorporate new strategies for even greater results.

“By sharing information and expertise about proven debt management strategies with campuses that are actively seeking to help students develop financial literacy skills, we are confident that we can help inspire positive change. This change not only affects campuses, it has the potential to transform students' lives for the better as well,” said Sue McMillin, TG president and CEO.

Workshop dates and locations

May 3 — Texas A&M University-Kingsville, Kingsville, Texas

May 18 — Embassy Suites-Kansas City Plaza, Kansas City, Missouri

May 23 — Wyndham Denver-Tech Center, Denver, Colorado

May 25 — Tallahassee Community College, Tallahassee, Florida

June 9 — Courtyard Marriott, Montgomery, Alabama

June 15 — Hampton Roads Convention Center, Hampton, Virginia

June 23 — Las Cruces Hilton, Las Cruces, New Mexico

June 28 — Northwood University, Cedar Hill, Texas

June 30 — University of Texas at San Antonio Main Campus, San Antonio, Texas

Learn more

The Positive+Balance workshops are free, but registration is required. To find out more and to register, visit www.tgslc.org/positivebalance or send an e-mail message to positivebalance@tgslc.org.

Question of the week

Q: Is a borrower still responsible for repaying his or her loan when the school that the student has been attending has stopped offering the student's program of study but did not close?

A: Yes, the borrower is still responsible for repaying his or her loan. The closed school loan discharge program pertains only to cases in which a student's entire school closes, not to cases in which a student's individual program of study is discontinued.

Do you have a question?

If you have a question that needs an answer, feel free to *Ask TG*[™]. *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://tgslc.custhelp.com>.

Legislative update

The April 5 issue of TG's *Legislative Report* includes updates on Higher Education Act Reauthorization and the House Budget Committee adopting a 2007 Budget Resolution. 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

TG offices will close at noon CDT on Friday, April 14, in observance of Good Friday.



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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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