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Tip^{of} the Week

Learn the latest developments in the Higher Education Act Reauthorization process on *TG Online* at www.tgslc.org/reauth/index.cfm.

TG updates

2006 TG Conference, *Caring for our generation and the next*, kicks off today in Austin

More than 730 financial aid and higher education professionals are gathering for the opening day of the 2006 TG Conference at the Hilton Austin Hotel in Austin, Texas. The three-day event has come to be known as one of the premiere training events in the industry.

The Conference, which runs through Thursday, April 20, will feature a number of industry, regulatory, and professional development sessions. Participants can follow specific "tracks" that meet their interests and training needs, such as debt management and default aversion, school and lender best practices, and training and technical solutions.

2006 opening session

Today's opening session features TG's 25th anniversary celebration and customer and sponsor recognition events. Attendees will gain a historical perspective of TG's role as an administrator of the FFELP and as a financial aid industry leader. TG will

honor its customers who have participated in mentoring partnerships throughout the year, along with TG's lender and servicer partners for their sponsorship of this year's conference.

What's up the rest of the week?

Following the Financial Aid 4K Wednesday morning, which will benefit Reading is Fundamental (RIF) of Austin, conference participants will enjoy a full-day of informative training sessions. Beginning at 5 p.m. attendees will participate in the TG Conference Power Hour event, a short series of mini-sessions where participants gain information while networking with colleagues.

On Thursday, David Dunn, acting undersecretary and chief of staff of the U.S. Department of Education, will speak about the state of higher education during the morning general session. Dunn's presentation will be followed by a regulatory and federal update session.

The morning's training session will precede the Conference closing session featuring keynote speaker Coach Ken Carter, who will deliver a powerful message on how to motivate oneself to be a better performer during his presentation, "Average is just not good enough. Period!"

Reporting Back: 1986



TG's 1986 Annual Report details a year of growth and achievement for the corporation, with added emphasis on technical training, communication with customers, and industry leadership. Here are some excerpts from that year's report:

"The Texas Guaranteed Student Loan Corporation guaranteed its first loan on January 16, 1981. In doing so, TGSLC began a tradition of service, commitment, and dedication to helping people finance college costs that continues to grow and improve each year. That 'can do' attitude is the driving force behind the success of the Texas Guaranteed Student Loan Program, and was recognized by Governor Mark White on January 16, 1986, when we guaranteed our one billionth dollar. . .

"Realizing the importance of sharing ideas and solutions of a technical nature, TGSLC organized and hosted the GSL Data Processing Users Conference. The conference, which was held in August, 1986, provided more than 30 people from 26 different states a forum for discussion and the exchange of concepts on many new technological developments in GSL data processing. . . .

"Our Lender and School Advisory Committees regularly provide us with an insight into the potential problems encountered by students, parents, and institutions during the



sometimes complicated student loan process. They told us that 'paperwork' was an ever-increasing burden and that dependable, timely loan processing was essential in delivering funds to students when they needed it. In response, we introduced the Combined GSL Application/Promissory Note, which reduced paperwork, processing time, mailing costs, and simplified the application process because now it is the only loan form that a student must complete to secure a guaranteed student loan.

"The Texas Guaranteed Student Loan Corporation realizes how difficult it is to stay abreast of changing GSL regulations, policies, and procedures, so in 1986 we increased our overall training and communications efforts. Our Lender and School Services staff provided in-depth instruction and technical assistance through numerous workshops and technical reviews. We conducted seminars and training workshops statewide, which were attended by over 900 people from many of the lenders, schools, and secondary markets involved in the Texas GSL Program. . . .

"This past year represented the sixth consecutive year that TGSLC's loan volume has increased. The Texas Guaranteed Student Loan Corporation was, in fiscal year 1986, the fifth largest state guaranty agency in the country in terms of loan guarantee volume and one of only thirteen state guarantors to realize an increase in loan volume over last year."

Question of the week

Q: Can a school have a policy for students who have authorized that their funds be delivered by direct deposit, and who have been awarded both a Stafford and a PLUS loan, that any credit balance (whether it is composed of Stafford funds or PLUS funds, or both) is sent to the student's bank account?

A: Per the 2005-06 Federal Student Aid Handbook, page 4-19, you must obtain the parent borrower's written authorization to transfer the proceeds of a PLUS loan to a student directly or to a bank account in the student's name.

The Handbook goes on to say that you have the latitude to determine which Title IV program funds create a credit balance because, at this time, ED does not specify how a school must determine which Title IV program funds create a credit balance. So, you may want to decide to apply PLUS funds for which a student is eligible toward the student's institutional charges before other student aid funds, so that a credit balance of PLUS loan funds is unlikely. That way, you won't have to concern yourself with obtaining the parent's authorization to deliver PLUS loan funds into the student's bank account.

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>.

Trends and issues

Meeting Notes: *Larry Burt talks about his recent appointment to the Advisory Committee on Student Financial Assistance*

Larry Burt, associate vice president and director of student financial services for the University of Texas at Austin, recently was appointed by Margaret Spellings, U.S. Secretary of Education, to serve on the nation's Advisory Committee on Student Financial Assistance.

The Committee provides guidance to Congress and to the Secretary of Education on student financial aid matters. Dr. Burt's term on the Committee will run through Sept. 30, 2008.

Following Dr. Burt's first meeting with the Committee on April 4, *Shoptalk Online* took the opportunity to visit briefly with him about his appointment and his role as a Committee appointee.



What was your initial reaction upon learning about your appointment?

I've actually wanted to serve on the Advisory Committee for quite some time, so I was very, very pleased about it.

How do you think the recent passage of the Deficit Reduction Act (PL 109-171) will affect the Committee's agenda?

The Committee's agenda tends to be long-range in nature. In some ways they really can't have impact so much on specific legislation that has been passed, other than providing data and information on its effects and then going back to advise Congress.

For example, the Committee is very well-known for its great reports like *The Student Aid Gauntlet*; *Empty Promises: The Myth of College Access in America*; and *Access Denied: Restoring the Nation's Commitment to Equal Educational Opportunity*. With this research, the Committee's been able to go back and inform the Legislature and inform the Secretary, saying, "These are the programs that you are putting into place, and this is the impact that they're having in the community." They can do the same thing now. As we move forward, we should begin to see impact from the recent legislation and be able to come back and comment on what it's meant for students and families.

In the past, the Committee's agenda also included priorities such as modernization, technology, simplification of laws and regulations, distance

learning, and needs assessment. Which issues are of particular interest to you?

I'm really interested in everything. I've spent an awful lot of my career bringing efficiency to the operation of financial aid offices. I don't think students should have to worry about financial aid: when it's coming, where it's coming from, or how to get it. I think it's my responsibility to make the delivery of financial aid as painless as possible, so efficiency has always been important to me because it can have an immediate and direct impact on students.

Recently, I've turned my attention to outreach — getting the word out to as many families as possible that there are financial aid programs that will help students go to school. It's very common now that families that most need the information about financial aid actually know the least, and they find out the latest. We've got families all across this nation that are either making poor decisions about going to college — or they're just deciding not to go to college — because they don't know what's out there for them.

This was an important focus of some of the presentations we heard at the Committee's meeting in early April, and I think I'll be able to bring that information back and see some of the ideas presented to the Committee come to fruition in various forms in Texas.

Your professional experience in California and Texas at two of the largest flagship universities in the country certainly gives you a broad base of expertise that will inform your work with the Committee. What areas of expertise (or what particular experiences) do you feel will be most beneficial?

One of the best ways that my experience complements that of the other Committee members is that I'm a practicing financial aid professional. And, frankly, those are rare on the Committee. The people that are on the Committee know about financial aid, in some cases they've worked in the area of student lending or student recruitment, but there's only myself and Darryl Marshall (of Florida State University) who are true, practicing financial aid professionals. I think it's important for the Committee to have someone who's seen a student in the past 30 days — and I've done that!

Is there anything you would ask of your colleagues in the financial aid community that would help you and the Committee in the coming months?

I'm more than happy to get e-mail responses, phone calls are fine as well, if someone wants to share with me clear, constructive feedback about federal legislation where they see a specific way it could be improved to affect the delivery of student services in a positive way — that students who need financial aid to go to school can get it more easily. I want to hear about those things.

I don't want to hear, "Gee, if we had more money, it'd be better." We all know that. Members of Congress know that. The truth is that we have a system that delivers

aid to students — billions of dollars of aid each year — and it comes with the blessings of a great deal of money, but also with complications, that sometimes from Washington, D.C., can seem like small problems, but can actually turn into large problems for a particular community. So, for example, if you're working in a community college and there's a particular piece of legislation that just doesn't work for community college students, let me know. I'll be happy to respond.

During the presentations we heard on April 4, I was particularly heartened to hear the stories of people all across the country who are dealing with the same issues we're dealing with in Texas — issues like keeping students in high school, transitioning them to college, retaining them in college, and getting them to graduate. As a result, I feel even more confident in what I really see as my responsibility to be the voice of the financial aid community — all of the financial aid community — in this process.

Overall, I would encourage everyone to go out to the Advisory Committee Web site at www.ed.gov/about/bdscomm/list/acsfa/edlite-index.html to read some of the presentations from this most recent meeting. If the recent presentations aren't out there yet, they will be soon. And I believe a well-informed financial aid director is a very powerful person to have on the students' side.

[Editor's note: TG would like to express appreciation to Dr. Burt for taking the time to share his experience as an Advisory Committee member with the subscribers of Shoptalk Online.]

Common Manual

Common Manual updates

On March 16, 2006, 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 available online at www.tgslc.org/resources/integrated_online_manual.cfm.

Suspending Collection Activity on a Consolidation Loan That Is Partially Eligible for Unpaid Refund Discharge or Teacher Loan Forgiveness

The *Common Manual* has been revised to align policies for suspending collection activity and granting an administrative forbearance on a Consolidation loan when a portion of the loan may be eligible for unpaid refund discharge or teacher loan forgiveness with existing policies on partial Consolidation loan discharge due to school closure, false certification, or the death of a student for whom an underlying PLUS loan was made. Revised policy states that a lender must suspend collection activity and grant an administrative forbearance on the entire Consolidation loan while awaiting documentation and during a guarantor's review of a portion of the loan's eligibility for unpaid refund discharge or teacher loan forgiveness. In addition, revised policy removes outdated information, stating that forbearance does not require the written request of the borrower, from subsection 11.19.P. References to a borrower's discharge "request" or "request form" have been replaced, as appropriate, with references to a loan discharge or forgiveness application. Lastly, revised policy aligns with

existing text in subsections 13.8.B and 13.8.D to acknowledge that a lender may learn of a borrower's potential eligibility for loan discharge or forgiveness from a guarantor, or ED, or another source (such as a telephone call or letter from the borrower).

Affected Sections:	11.19.C	Closed School or False Certification
	11.19.P	Unpaid Refund Discharge
	11.21.D	Teacher Loan Forgiveness
	13.8.B	Closed School
	13.8.D	False Certification
	13.8.F	Unpaid Refund
	13.9.B	Teacher Loan Forgiveness Program

Effective Date: Unpaid refund discharge or teacher loan forgiveness requests from the borrower, or notifications from the guarantor or the Department, received by a consolidating lender on or after July 1, 2006.

Basis: None.

Policy Information: 855/Batch 128

Guarantor Comments: None.

Title IV Credit Balances

The *Common Manual* has been updated to clarify that a Title IV credit balance occurs when the total amount of Title IV funds credited to the student's account exceeds tuition and fees, contracted room and board, and other authorized school charges.

Affected Sections:	8.8	Managing Credit Balances
	8.8.A	Delivering Credit Balances

Effective Date: Retroactive to the implementation of the *Common Manual*.

Basis: §668.164(e).

Policy Information: 856/Batch 128

Guarantor Comments: None.

Unpaid Refund Loan Discharge

Subsection 13.8.F, Unpaid Refund, has been reorganized to more closely mirror the formatting of the Closed School and False Certification subsections for consistency. Several subheadings and sub-subheadings have been revised as follows:

Procedures for Discharging Loans has been changed to Suspending Collection Activity,

- Procedures for Discharging Loans has been changed to Suspending Collection Activity,

- Processing the Borrower's Request has been changed to Processing the Discharge Application,
- Discharge Approvals has been changed to Processing an Approved Discharge, and
- Discharge Denials has been changed to Denying the Discharge.

Also, two paragraphs previously placed under Processing the Borrower's Request have been moved to Suspending Collection Activity for better placement of the language. Further, when the term "request" is used to describe the discharge application, the term is changed to "application" or "discharge application," as appropriate.

Affected Sections: 13.8.F Unpaid Refund

Effective Date: Retroactive to the implementation of the *Common Manual*.

Basis: None.

Policy Information: 857/Batch 128

Guarantor Comments: None.

This, that, and the other

More middle- and upper-middle-class parents are limiting what they will pay for their children's higher education, according to an April 10 *New York Times* article. While financing a college education has long been a strain, parents seem willing today to pass more of the burden on to their children, financial aid officers say. Many are worried about affording retirement and say their fixed costs eat up their income. Others have not saved enough or are helping pay for care for their aging parents.

"What I've really seen in the last 10 years is a generational shifting of the responsibility" to pay for college, said Ellen Frishberg, director of student financial services at Johns Hopkins University in Baltimore. "Our parents helped us pay for school. These parents are not as willing to help their children pay for school."

To read the article in its entirety, visit

www.nytimes.com/2006/04/10/education/10aid.html?_r=1&oref=slogin



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

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

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

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