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Tip of the Week

TG's Public Benefit Program connects students with opportunities to continue their education beyond high school. To learn more about TG's Public Benefit Grant Program, visit www.tgslc.org/public_benefit/index.cfm.

Federal updates

Variable interest rates jump again for 2006-07

ED has announced the new variable interest rates that will take effect July 1, 2006, on Stafford and PLUS loans that are subject to the variable-rate provision.

Loans disbursed prior to July 1, 2006

On July 1, 2006, interest rates on Federal Stafford and PLUS loans that are subject to the variable-rate provision and were first disbursed on or after July 1, 1998, but before July 1, 2006, will be as follows:

- 6.54 percent for Federal Stafford loans during in-school, grace, and deferment periods.
- 7.14 percent for Federal Stafford loans during repayment and forbearance periods.
- 7.94 percent for Federal PLUS loans.

Thus, just as the financial aid industry surmised would happen, variable interest rates have now risen to relatively the same level as the soon-to-be fixed interest rates of new Stafford and PLUS loans, as described below.

Loans disbursed on or after July 1, 2006

As a reminder, all Federal Stafford and PLUS loans that are first disbursed on or after July 1, 2006, will have a fixed interest rate of 6.8 percent and 8.5 percent, respectively, for the life of the loan. Thus, the variable interest rates provided above will not apply to these new loans.

More rates to come

Some older PLUS and SLS loans have variable interest rates based on the weekly average of the one-year constant maturity U.S. Treasury yield for the last calendar week ending on or before June 26. As a result, new rates on such loans won't be available until late June.

Another interest rate not expected until late June is the one applicable to the HEAL portion of Federal Consolidation loans, which is based on the average of the bond equivalent rates of the 91-day T-bills auctioned for the quarter ending June 30.

More information

ED's press release on the new variable interest rates is available online at <http://ifap.ed.gov/eannouncements/0531InterestRate20062007.html>.

To access TG's updated annual interest rate chart for applicable interest rates, visit www.tgslc.org/pdf/int_rate_0607.pdf.

TG updates

Loss of customer data: A note to our business partners

Many of you have been in contact with us regarding the recent loss of customer data. Our first priority, which has consumed all available resources up to this point, has been to focus on the ongoing investigation, timely public notification, implementation of a fully staffed call center for borrower calls, and preparation of specific notification for those borrowers most directly affected by the lost data.

We appreciate your patience and recognize your need for additional information. We will continue to follow up with you and provide updates to our Web site as we continue our investigation and as further information develops.

An overview of events

To recap the events of the past several days, TG was notified by Hummingbird, a company we engaged to implement a document management system, that one of their employees had lost a piece of equipment containing the names and Social Security numbers of a portion of TG's borrowers. The loss occurred on May 24, 2006. TG was notified of the loss by Hummingbird mid-afternoon Friday, May 26, 2006. Over the Memorial Day weekend, we worked to identify the names and Social Security numbers contained on the lost piece of equipment.

Additional investigation of this incident revealed that in January 2006 TG had prepared a series of files containing name and Social Security number information

for use by Hummingbird. TG prepared the files for transmission by encrypting the files, protecting them with a password, and sending them to a secure site via File Transfer Protocol (FTP) for retrieval by Hummingbird. In notifying TG of the incident, Hummingbird indicated that one of its employees then downloaded the files, decrypted them, and stored them on the piece of equipment that was subsequently lost. Hummingbird also reported that the piece of equipment was password protected.

TG's commitment to privacy

TG takes the protection of non-public personal information very seriously. We have internal policies and procedures to protect non-public personal information from unauthorized disclosure. All TG's internal policies and procedures, including those for the transmission and use of sensitive information, were followed. Even though this information is not easily accessed and used, and even though the loss appears to be inadvertent, we made public notification out of an abundance of caution because the piece of equipment has not been located. No personally identifiable information other than names and Social Security numbers were included on the piece of equipment.

Actions to date to serve affected borrowers

We anticipate that we will begin notifying borrowers whose information was involved in this incident directly within the next week. Notification will be appropriately spaced to allow for timely handling of borrower calls by both the TG toll-free information center and credit bureau call centers. In the meantime, we have established a call center that can confirm whether a borrower's information is involved and can answer questions about what they can do to protect themselves from identity theft. This call center is available Monday through Friday from 8 a.m. to 7 p.m., toll free, at (800) 530-0626. Borrowers can also get more information on TG's Web site at www.tgslc.org/resources/customerdata.cfm. Among the recommendations we're providing for those who may be affected, we are encouraging them to place a fraud alert on their credit reports with one of the three credit reporting agencies:

- Equifax: (800) 525-6285; www.equifax.com
- Experian: (888) 397-3742; www.experian.com
- TransUnion: (800) 680-7289; www.transunion.com

More information

For follow up issues and assistance with lender and school concerns regarding this issue, please contact Kim Alexander, Vice President of Customer Focus, at (512) 219-4945 or (512) 751-4234.

Thank you again for your patience and understanding as we continue to provide your students with assistance with this issue.

Don't miss TG at NASFAA!

The NASFAA annual conference in Seattle is just around the corner from July 5-8. Each year, the NASFAA conference offers an opportunity for financial aid professionals to gain new ideas and insights to help their offices maximize their potential and reach their goals. This year will be no different and, as always, you can count on TG to be there offering informative and innovative training sessions to grab your attention and get you motivated.

What's being offered

This year, our training sessions will focus on successfully navigating recent industry and legislative changes, enrollment management, customer service, and leadership.

Developing Minorities in Leadership

Presenter: Pat Woods, TG Assistant Manager for Corporate Learning and Development
Wednesday, 2:15 p.m. – 3:30 p.m.

The year is 2006. In relation to issues of diversity and multiculturalism, much has changed and much has remained the same. Participants in this session will learn how to cultivate individuals from historically underrepresented groups into leadership positions in their offices, communities, and professional organizations. The learning objectives include defining action steps in developing minorities, identifying barriers in corporate culture, and, discovering successful development initiatives across the globe.

Best Practices in Customer Service

Presenter: Tom Rebstock, TG Customer Training Team Leader
Thursday, 4:30 p.m. – 5:45 p.m.

A perennial favorite of NASFAA Conference attendees, this session includes a panel of financial aid directors from a diverse group of schools — large 4-year, public; medium-sized private; graduate/professional; and proprietary. Learn how these schools have implemented the top 10 essential customer service skills in their offices and receive tips on how your office can implement these tactics to enhance performance.

Early Warning System: Targeting Campus-Initiated Default Prevention Activities Based on Statistical Modeling

Presenter: Jeff Webster, TG Assistant Vice President for Research and Analytical Services
Thursday, 4:30 p.m. – 5:45 p.m.

As states struggle with competing demands within tight budgets, monetary support for public universities wanes, placing an increasing share of the cost of education on students and their families. With a changing student demographic, growing reliance on student loans poses many risks. Early intervention to reduce defaults can be effective, but is costly. With the approval of ED and the cooperation of three 4-year public universities, TG conducted multivariate analyses with the intent to identify

early warning indicators that would allow colleges to target at-risk students while they were still enrolled and to allocate scarce administrative resources to activities that would be most effective at preventing defaults. This panel highlights the major findings of the study and then allows the financial aid directors of the three universities to discuss how their institutions have responded to these new insights.

The Leadership Secrets of Santa Claus™

Presenter: Tom Sharp, TG Assistant Vice President, Corporate Learning and Development

Thursday, 11 a.m. – 12:15 p.m.

Friday, 2:15 p.m. – 3:30 p.m.

While you may not be ready to start thinking about the holidays, right about now Santa and his team of elves are busy preparing for that one season when the workshops must sort through volumes of requests, package, and deliver their products to their customers worldwide in just 24 hours. Learning how Santa Claus manages his workshop year-round in order to meet the high demands of a single season is a valuable tool for any manager, but is especially relevant to those in financial aid.

Regulatory Perils for Graduate and Professional Aid Administrators

Presenter: Kelly Kaelin, TG Senior Policy Advisor, and Emily Attridge, Director of Financial Aid and Institutional Research at the Stetson University College of Law
Friday, 8:45 a.m. – 10 a.m.

The regulations that govern the administration of federal financial aid, and in particular, financial aid for graduate and professional programs, are complex. This session will explore a variety of regulatory issues that affect these programs with a concentration on the recent changes brought about by the passage of the Higher Education Reconciliation Act (HERA). Best of all, the session will be interactive, with audience members engaging in a game show format — allowing participants entertainment and learning all in one package. What could be better than that?

Advising Students about the Financial Effects of Delayed Graduation

Presenter: Matt Short, TG Director of Institutional Enrollment Services
Thursday, 11 a.m. – 12:15 p.m.

Students are taking longer to graduate. This session will explain and demonstrate a new Web tool that can be used to help students understand the financial benefits of shortening their time to degree and to help them plan the shortest path to degree completion.

Maintaining Access in Hard Fiscal Times

Presenter: Matt Short, TG Director of Institutional Enrollment Services
Friday, 10:30 a.m. – 11:45 a.m.

Crisis Averted or Merely Postponed...

Presenter: Matt Short, TG Director of Institutional Enrollment Services
Friday, 4:15 p.m. – 5:30 p.m.

This session will explore the effects and implications of long-term cohort default rate trends beyond the two-year timeframe required by ED. The results may be surprising.

More information

To learn more about the NASFAA annual conference, including a preliminary agenda, visit <http://www.nasfaa.org/subhomes/AnnualConference2006/index.html>

Question of the week

Q: In applying the “150-percent rule” in its satisfactory academic progress (SAP) policy, is a school supposed to count the hours that a student has attempted or the hours that a student has completed?

A: First, let’s define the 150 percent rule. The 150-percent rule refers to the maximum time frame in which an undergraduate student must complete his or her educational program without losing eligibility for Title IV aid. Under a school’s SAP policy, if a student takes longer than 150-percent of the program’s published length to complete such program, the student would fail to maintain the quantitative component of SAP.

Next, let’s state that for the purposes of the 150-percent rule, whether a school counts hours attempted or hours completed depends on the type of program in which the student is enrolled. According to the 2006-07 *Federal Student Aid Handbook*, page 1-10, “To quantify academic progress your school must set a maximum time frame in which a student is expected to finish a program... For an undergraduate program the time frame cannot exceed 150-percent of the published length of the program measured in academic years or terms, credit hours attempted, or clock hours completed, as determined by your school.” So, for example, if a student is enrolled in a credit-hour program of study that takes 120 credit hours to complete, the student will reach the 150-percent threshold and lose further eligibility for Title IV aid once he or she has attempted 180 credit hours. For another example, if a student is enrolled in a clock-hour program of study that takes 1,500 clock hours to complete, the student will reach the 150-percent threshold and lose further eligibility for Title IV aid once he or she has completed 2,250 clock hours.

Note that although the 150-percent maximum time frame does not apply to graduate programs, an eligible school offering graduate programs must develop, disseminate, and consistently apply a policy defining the maximum time frame a graduate student has to complete his or her program.

For more information on the 150-percent rule and satisfactory academic progress, refer to volume 1, chapter 1 and volume 2, chapter 10 of the 2006-07 *Federal Student Aid Handbook*, which is available for download in a single, searchable PDF on TG Online at www.tgslc.org/resources/fsa_handbook.cfm.

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 May 31 issue of TG's *Legislative Report* includes the text of *A National Dialogue: The Secretary of Education's Commission on the Future of Higher Education*. 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

Federal statistics released Thursday show that in many ways, the gender gap among college students is widening. The story is largely one of progress for women and stagnation for men, reports the *Associated Press*.

Women earn the majority of bachelor's degrees in business, biological sciences, social sciences and history. The same is true for traditional strongholds such as education and psychology.

In undergraduate and graduate disciplines where women trail men, women are gaining ground, earning larger numbers of degrees in math, physical sciences and agriculture.

The findings were part of a 379-page report, "The Condition of Education, 2006" a yearly compilation of statistics compiled by ED's National Center of Education Statistics (NCES), that give a picture of academic trends.

To read the article the June 2 article, visit <http://www.cnn.com/2006/EDUCATION/06/02/education.women.ap/index.html>. To access "The Condition of Education, 2006," visit <http://nces.ed.gov/programs/coe/>.



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: Cindy Marrs, Art Martinez, Susan Martinez, Michael McSpadden, and George Torres. Edited by TG Communications and Policy and Regulatory Affairs. Designed by TG Communications.

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