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TG

In this issue:

Tip of the Week

Give your students guidance about managing credit cards with tips from *Adventures In Education*. Among other things, your students will learn the terminology of credit and find ways to manage debt at www.aie.org/College/Paying/Earning/Credit/index.cfm.

Federal updates

Final rules bring few changes

On November 1, ED released two packages of final regulations, also known as final rules. One package, which is the focus of this article, concerns the federal student aid programs, including the FFELP; the rules from that package are effective December 1, 2006. The other package contains rules on the new Academic Competitiveness Grant (ACG) and National Science and Mathematics Access to Retain Talent Grant (National SMART Grant) programs that are effective July 1, 2007, although schools have the discretion to implement the provisions of the rules on or after November 1, including for the 2006-07 award year.

Both of these sets of final rules incorporate comments received from the higher education community on the interim final rules that ED released for the ACG and National SMART Grant programs on July 3, and the federal student aid programs (including the FFELP) on August 9. See *Shoptalk Online* Edition 368 for more information on the interim final rules.

Noteworthy changes

There are only a few significant issues in the final rules for the loan programs:

- The triggering event for the new Stafford annual loan limits has changed. The triggering event, previously published in Dear Colleague Letter GEN-06-02 as "effective for any loan certified or originated on or after July 1, 2007" is now effective "for a loan disbursed on or after July 1, 2007." This will allow schools to certify loans using the new loan limits for loan periods that include July 1 in advance of the loan period.

- It's official: The confirmation that a school must obtain from the borrower in the case of a post-withdrawal disbursement of loan funds is NOT applicable to late disbursements. There has been a great deal of debate and confusion within the industry, and conflicting guidance from ED, on this issue — but now it is settled. According to the preamble language to the final rules, "The new post-withdrawal disbursement requirements do not apply to late disbursements made to students who successfully complete the payment period or period of enrollment or to students who do not withdraw, but cease to be enrolled as at least half-time students." Also worth noting: ED has concurred that if a school obtains a confirmation that a borrower (either the student or the parent, in the case of a parent PLUS loan) wants a post-withdrawal disbursement of loan funds, the school "does not have to notify the student or parent again when the institution credits the loan funds to the student's account." This notification is normally required when a school applies loan funds toward institutional charges; however, it will not be required in this case.

- In the preamble to the final rules, ED has rejected the recommendation that the regulations preserve the 100 percent lender reimbursement rate for lenders who have exceptional performer designation on default claims on loans first disbursed before October 1, 1993.

- After receiving considerable input from the FFELP industry, ED has stated that it cannot make any significant changes to the false certification due to identity theft loan discharge rules, although ED did state in the preamble to the final rules that it will consider the industry's input during the negotiated rulemaking process that is slated to begin next month.

More information

To access both final rules packages published in the Federal Register, go to http://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/E6-18183.htm and http://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/E6-18197.htm. For questions about the final rules, call TG customer assistance at (800) 845-6267 or send an e-mail message to cust.assist@tgslc.org.

TG updates

TG and Council recognize the University of Texas at Austin with Commitment to Student Success Award

For each of the past three years, the Commitment to Student Success Award has recognized extraordinary performance in the areas of debt management and default prevention. This year, the University of Texas at Austin (UT) received the award for its Pathways to Progress Program.

The Council for the Management of Educational Finance and TG established the award to acknowledge postsecondary institutions that implement debt management strategies designed to have a broad-based, long-term effect on student success in loan repayment, especially recognizing strategies that focus on more than improving the school's two-year cohort default rate.

The Pathways to Progress Program exemplifies true collaboration between departments on campus to help ensure a student's success in loan repayment and debt management. Developed in 2004 by the UT financial aid staff, the program is based on the philosophy that students who succeed academically are likely to remain eligible for financial aid, graduate from college, and manage their student debt successfully after graduation.

In line with this philosophy, at the end of every fall semester, UT identifies all freshman financial aid recipients who have two or more F's. In an effort to assist students in improving their grades — and thus prevent them from losing financial aid eligibility — this population of students is required to participate in the Pathways to Progress Program. Among various strategies and activities, the program requires that an affected student:

- Meet with professors at the beginning of the semester to establish communication from the start;
- Consult with academic advisors during the semester;
- Participate in academic enrichment activities such as tutoring and time-management workshops;
- Consult with financial aid advisors and develop a budget to track use of financial resources; and
- Attend money management workshops.

Since the program's inception, nearly 300 students have benefited, with more than 70 percent having raised their GPAs within one year.

To find out more

For more information about the Commitment to Student Success Award, contact Maria Luna-Torres, TG's director of educational finance initiatives, at (800) 252-9743, ext. 4632, or send an e-mail message to maria.luna-torres@tgslc.org.

Take the *Shoptalk Online* survey

TG wants to gather the opinions and feedback of *Shoptalk Online*'s readers. TG produces its newsletter to meet the informational needs of our customers. We work to keep you informed about regulatory changes, trends in the student aid industry, and developments at TG. To ensure that the newsletter continues to serve its audience, we ask you to take our online survey. Your responses will be used to make *Shoptalk Online* an even stronger resource for all of your industry information needs. Participants will be eligible for a prize drawing; all responses will be kept confidential.

Please complete the survey at www.tgslc.org/snap/shoptalkonline2006.htm.

Spotlight on TG's Public Benefit Grant Program: Southwestern University

One way TG reinvests in the higher education community is through its Public Benefit Grant Program. TG established the program to promote college access and student retention in higher education. The program provides grants to institutions that have projects and services geared toward enhancing academic access and success, especially for student populations that have been traditionally under-represented on college campuses.

Recently, TG awarded more than $3.8 million in competitive grants to 28 institutions and nonprofit organizations for the 2006-07 academic year. One of these awards went to Southwestern University, a four-year liberal arts college in Georgetown, Texas. Southwestern serves more than 1,300 students with a 118-member faculty.

TG awarded Southwestern $85,000, which will be used to encourage minority and low-income students at community colleges to transfer to the university. Part of the grant will fund four new $5,000 scholarships, which will be offered to high-achieving African-American, Hispanic, or Native American students who wish to transfer to Southwestern from a community college in Texas.

Outreach and transition

Other proceeds from the grant will be used to bring counselors and staff from community colleges across Texas to Southwestern's campus. There, the group will learn more about the university's various opportunities for minority students. The university will host a similar visit for community college transfer students and their parents in the spring.

Grant monies will also fund a new academic course designed specifically for transfer students. The course will help students as they make the transition from community colleges to a liberal arts environment.

"Southwestern's objectives in increasing student transfers mirror TG's own priorities," said Jacob Fraire, TG's assistant vice president of educational alliances. "Increasing student transfers and creating programs to ensure their academic success is a great way to enrich a college campus. It also serves to make higher education available to an even broader spectrum of students."

TG's award process

To receive funds, all 28 awarded institutions, including Southwestern, had to submit proposals that addressed the issue of access to postsecondary education and that focused on the needs of first-generation college students, students from high schools with low college-going rates, and/or students who are underrepresented in higher education.

To learn more

If you'd like to learn more about TG's Public Benefit Grant Program, you'll find a description of its purpose and process on *TG Online* at www.tgslc.org/public_benefit/index.cfm.

TG sets busy training schedule through the end of the year

At this time of year, one of the best gifts to give a financial aid professional is some training, whether on industry topics or for professional development. Take advantage of the relative hiatus between peak seasons and join TG for training at specific association conferences or at TG's regional trainings in Texas.

Two large conferences remaining this year will be offered by the Southwest Association of Student Financial Aid Administrators (SWASFAA) and the Ohio Association of Student Financial Aid Administrators (OASFAA). For the SWASFAA conference, which will be held in Tulsa, Okla., from November 8–10, TG will present a breakout session on money management for students, called "Where does the money go?"

For the OASFAA conference, held December 13–15 in Columbus, Ohio, TG presenters will offer an assortment of classes, including several workshops that focus on leadership skills. Presenters will also facilitate a class on handling difficult students. Be sure to catch these sessions, which offer insights into the work of a leader and feature various techniques for turning a confrontation with a student-customer into a positive experience.

Regional trainings

TG has set six day-long regional trainings through the end of the year for various regions in Texas, including trainings in Laredo, San Antonio, Sweetwater, Lubbock, Austin, and Canyon. These trainings provide a well-rounded set of workshops. Some sessions will focus on the latest regulatory changes, while others will look closer at particular aspects of the workplace, including the role of praise at work and the values and work ethic of different generations.

To learn more

To view dates for each regional training and to read the complete agenda, visit *TG Online* at www.tgslc.org/training/regional/locations.cfm.

To sample what TG representatives will be offering at particular conferences or regional trainings, read the course descriptions offered in the TG Speakers Bureau area of *TG Online* at www.tgslc.org/speakers/index.cfm.

Trends and issues

Question of the week

Q: If a school originally certified a Stafford loan for a 16-week term and then, before the loan is disbursed, the student switches to a mini-session (9-week term), does the school have to adjust the cost of attendance (COA) or the loan period?

A: Since the student has changed his or her period of enrollment, the school must adjust the student's COA, since the student will be attending for less time and will incur fewer living expenses. The school must also adjust the student's loan period, since the length of the loan period determines the timing and amount of disbursements. In other words, if the school is not exempt from the multiple disbursement requirement for a single-term loan, reducing the loan period from 16 to 9 weeks will significantly alter the disbursement schedule.

Basis: 2006 - 07 *Federal Student Aid Handbook*, page 3-65.

Also keep in mind that the student must be enrolled at least half time in the mini-session in order to be eligible for a loan disbursement.

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. It 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 tgslc.custhelp.com.

Common Manual

Common Manual updates

On October 19, 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.

Special Common Bulletin Distribution – Approved Policy #881, Batch 131

Figure 11-1, the Deferment Eligibility Chart in the October 2006 *Common Manual* has been corrected to incorporate changes previously approved in policy 881 of Batch 131. Policy 881 struck four bullets under the "PLUS Loans" category for the PLUS deferment form, thereby denoting that pre-7/1/87 parent PLUS borrowers, and borrowers of parent PLUS loans before 8/15/83, do not qualify for in-school deferment based on the full-time or half-time enrollment of the student for whom the parent PLUS loan was made. Due to an unintentional error in the October 2006 *Common Manual* publication, these four bullets were not deleted.

An additional October 2006 manual publication error has also been corrected in Figure 11-1, the Deferment Eligibility Chart. Two bullets under the "PLUS Loans" category for the SCH deferment form were inadvertently deleted. These two bullets indicate that pre-7/1/87 parent PLUS borrowers, and borrowers of parent PLUS loans before 8/15/83 qualify for in-school deferment based on the parent PLUS borrower's full-time enrollment in school.

Both of the aforementioned errors have been corrected in the first *Integrated Common Manual* update to the October 2006 electronic manual. In addition, this special common bulletin is accompanied by an attachment that contains a corrected copy of Figure 11-1. Please distribute the attachment along with this special common bulletin to your participants and manual users within your organizations. Users of a paper manual are strongly encouraged to print the attachment, remove the current Figure 11-1 from their paper version of the October 2006 manual, and replace it with the corrected Figure 11-1 provided in the attachment available at www.tgslc.org/pdf/deferment_eligibility.pdf. Following are summaries of the latest policy changes.

Institutional Eligibility and Reporting Requirements

The *Common Manual* has been revised to state that schools must submit requests for initial certification, recertification, reinstatement, a change in ownership, updates to a current approval or designation as an eligible institution to the Department via the Application for Approval to Participate in the Federal Student Financial Aid Programs (E-App).

Affected Sections: **4.1.A Establishing Eligibility**

4.1.C Maintaining Eligibility

Effective Date: Applications for recertification, reinstatement, or changes in ownership submitted by the school on or after the publication date of the 1998-1999 *Federal Student Aid Handbook*. Applications for reporting changes to a current approval submitted by the school on or after the publication date of the 1999-2000 *Federal Student Aid Handbook*. Applications for initial certification submitted by the school on or after the publication date of the 2000-2001 *Federal Student Aid Handbook.*

Basis: 1998-1999 *Federal Student Aid Handbook*, Chapter 3, Section 9, page 3-202; 1999-2000 *Federal Student Aid Handbook*, Chapter 10, page 210; and the 2000-2001 *Federal Student Aid Handbook*, Volume 2, Chapter 10, page 2-232.

Policy Information: 903/Batch 134

Guarantor Comments: None.

Elimination of the Single-Holder Rule

The Common Manual has been revised to reflect statutory changes resulting from the Emergency Supplemental Appropriations Act, which allow a borrower of loans eligible for FFELP loan consolidation to seek consolidation from any lender even if the borrower's eligible loans are held by one holder.

Affected Section: **15.2 Borrower Eligibility and Underlying Loan Holder Requirements**

15.3.C Reviewing the Loan Verification Certificate

Effective Date: Federal Consolidation loan applications received by the lender on or after June 15, 2006.

Basis: Higher Education Act of 1965, Section 428C(b)(1)(A)(i)and (ii), as amended by the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror and Hurricane Recovery, 2006 (P.L.109-234); Dear Colleague Letter GEN-06-12.

Policy Information: 904/Batch 134

Guarantor Comments: None.

Cohort Default Rate Notification

The *Common Manual* has been revised to include an explanation of the electronic process by which ED notifies a domestic school of its draft and official cohort default rates (eCDR) through the Student Aid Internet Gateway (SAIG). All domestic schools are required to enroll in the SAIG. Schools are required to designate a SAIG destination point for the receipt of the eCDR notifications. The Department mails draft and official cohort default rate notifications foreign schools.

Affected Sections: **16.1 Overview of Cohort Default Rates and Terminology**

Effective Date: Domestic school's receipt of draft and official cohort default rate notifications on or after June 1, 2005.

Basis: Dear Colleague Letter GEN-03-05; 2006-2007 *Federal Student Aid Handbook*, Volume 2, Chapter 10, page 2-182.

Policy Information: 905/Batch 134

Guarantor Comments: None.

Return of the Federal Default Fee (or Guarantee Fee)

Subsection 10.11.E of the *Common Manual* has been revised to reflect the change in terminology from guarantee fee to federal default fee and to clarify that if a lender deducted the federal default fee (or guarantee fee), and/or origination fee from the borrower's loan proceeds, the lender must reduce the fee(s) proportionate to the amount of returned loan funds that the lender receives from a school. In addition, section B.2 has been revised to clarify that in refinancing a loan to secure a variable interest rate, the guarantor may not charge the borrower a federal default fee (formerly guarantee fee), nor may the lender deduct the fee from the borrower's loan proceeds.

Affected Sections: **10.11.E Applying Funds Returned by the School**

B.2 Option 2: Refinancing to Secure a Variable Interest Rate

Effective Date: Federal Stafford and PLUS loans guaranteed on or after July 1, 2006.

Basis: Higher Education Act of 1965, Section 428(b)(1)(H)(i) and (ii) and Section 428H(h), as amended by the Higher Education Reconciliation Act (HERA) of 2005; Dear Colleague Letter GEN-06-02.

Policy Information: 906/Batch 134

Guarantor Comments: None.

Refinancing Fixed-Rate PLUS or SLS Loans

Appendix B of the *Common Manual* explains policies for the refinancing of fixed-rate PLUS and SLS loans to obtain a variable interest rate or to combine repayment. Revised policy clarifies that these refinancing options are applicable only to fixed-rate PLUS or SLS loans first disbursed prior to July 1, 1987.

Affected Sections: **B.2 Option 2: Refinancing to Secure a Variable Interest Rate**

B.3 Option 3: Refinancing by Obtaining a New Loan

Effective Date: PLUS or SLS loans first disbursed prior to July 1, 1987.

Basis:	Higher Education Act of 1965, Section 428B(e)(2) and (3), as amended; §682.209(e) and (f).
Policy Information:	907/Batch 133
Guarantor Comments:	None.

This, that, and the other

The College Board recently released two annual reports and a supplement to a previously-released report. The two reports — *Trends in College Pricing 2006* and *Trends in Student Aid 2006* — document the average 2006–07 college prices and 2005–06 student aid data. The 2006 supplement to *Education Pays: The Benefits of Higher Education for Individuals and Society* documents the monetary and non-monetary benefits of higher education in addition to differences in participation and success across demographic groups.

Based on trends tracked in these reports, the College Board announced that increases of average tuition and fees slowed for the third year in a row at four-year public colleges. However, prices are still up 35 percent from five years ago, after adjusting for inflation. The increase in average tuition and fees for two-year public colleges in 2006-07 was just slightly above the inflation rate. At all institutions, the net price — the average price students pay after grants and tax benefits are considered — is significantly lower than the published price. Total student aid increased by 3.7 percent to $134.8 billion in 2005-06, but total federal grant aid failed to keep pace with inflation. Even without factoring in inflation, the average Pell Grant per recipient fell by $120.

Read the College Board's announcement of the reports' release and view the reports at www.collegeboard.com/press/releases/150634.html.

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.

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