

In this issue:

| | |
|--|-----------|
| Federal updates | 1 |
| ED releases guidance on the provisions of the latest HEA extension bill | 1 |
| ED issues DCL with consolidation focus | 2 |
| Closed school corner | 3 |
| TG updates | 3 |
| TG to continue subsidizing federal default fee on behalf of students | 3 |
| TG and <i>Mapping Your Future™</i> offer entrance and exit counseling for Grad PLUS loan borrowers | 4 |
| Apply to TG's Financial Aid Leadership Symposium today | 5 |
| Focus on success: TG partners with Ranger College for FFELP processing | 5 |
| Meet Darron Grussendorf, senior corporate trainer | 6 |
| Trends and issues | 8 |
| Don't borrow trouble: A guide for processing alternative loans | 8 |
| Question of the week | 10 |
| This, that, and the other | 11 |

Tip of the Week

TG offers a single CommonLine-compliant, electronic loan disbursement process for all loans — TG-guaranteed, non-TG-guaranteed, and alternative. Find out more about how TG's EFT service can make your processes simpler and more reliable. Contact product support at (800) 332-1455, or send an e-mail message to product.support@tgsic.org.

Federal updates

ED releases guidance on the provisions of the latest HEA extension bill

Last week, ED released Dear Colleague Letter (DCL) GEN-06-21, which provides guidance on a variety of topics, all stemming from provisions of the Third Higher Education Extension Act of 2006, signed into law September 30, 2006. As reported in [Shoptalk Online Edition 375](#), this act extended the programs authorized by the

Higher Education Act (HEA) of 1965, as amended, until June 30, 2007; it also contained provisions on the following topics:

- Eligible Lender Trustee Relationships with Eligible Institutions
- Hispanic-Serving Institutions (HSIs)
- Guaranty Agency Account Maintenance Fees
- Cancellation of Student Loan Indebtedness for Survivors of Victims of the September 11, 2001 Attacks

GEN-06-21 describes the changes to the HEA brought about by each of the above provisions and contains guidance from ED on each topic.

More information

To access GEN-06-21, go to the Information for Financial Aid Professionals (IFAP) Web site at www.ifap.ed.gov/dpclatters/GEN0621.html. If you have a question about the DCL, contact TG customer assistance at (800) 845-6267 or send an e-mail message to cust.assist@tgsic.org.

ED issues DCL with consolidation focus

Last week, ED released Dear Colleague Letter (DCL) GEN-06-20/FP-06-16 titled "Update on Consolidation Loan Issues." The focus of the DCL is to highlight recent changes to the Consolidation Loan Program brought about by the Higher Education Reconciliation Act of 2005 (HERA), signed into law February 8, 2006, and the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006, signed into law June 15, 2006. The DCL contains a series of attachments which include:

- Attachment A — A description of the current eligibility criteria for a loan to be consolidated
- Attachment B — A chart that provides various Consolidation loan "scenarios" and that explains the condition(s) under which a loan may be consolidated
- Attachment C — A reminder of a loan holder's responsibilities upon receipt of a Consolidation Loan Verification Certificate (LVC)
- Attachment D — Additional information on the deadlines included in DCL FP-06-03 related to the implementation of the restrictions on the eligibility of a Consolidation loan to be included in another Consolidation loan

More information

To access GEN-06-20/FP-06-16, go to the Information for Financial Aid Professionals (IFAP) Web site at www.ifap.ed.gov/dpclatters/GEN0620.html. If you have a question about the DCL, contact TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgsic.org.

Closed school corner

The following table provides a list of newly reported school closures and error corrections from the Postsecondary Educational Participants System (PEPS) and from the December 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 |
|---------------|---|-------------------------|----------------------------|
| 00512726 | Brown Mackie College – Dallas 8080 Park Ln. Dallas, TX 75231 | N/A | 7/24/2006 |
| 03113106 | Maric College – San Diego 6160 Mission Gorge Rd., #108 San Diego, CA 92120-3425 | N/A | 10/9/2006 |
| 02261301 | National Institute of Technology - Houston Galleria 4150 Westheimer, #200 Houston, TX 77027-4417 | N/A | 9/11/2006 |

TG updates

TG to continue subsidizing federal default fee on behalf of students

TG announced that it will continue to subsidize the 1 percent federal default fee for federal Stafford and PLUS loans on behalf of student and parent borrowers for the 2007-08 award year, which covers loans guaranteed through June 30, 2008. After careful consideration, TG's board of directors approved the continuation of the subsidy that is expected to provide \$35 million to \$40 million in savings to more than 500,000 borrowers for the 2007-08 award year.

This is the second year that TG will subsidize the federal default fee. Since 1999, TG has provided more than \$185 million in savings for more than 1.7 million borrowers through the waiver and subsidization of guarantee and federal default fees.

"With the cost of a higher education on the rise, TG is committed to helping reduce expenses for students and families. Subsidizing the federal default fee provides a direct benefit to education loan borrowers," noted TG's President and CEO Sue McMillin. "We are pleased to have the opportunity to offer this benefit for students but, at the same time, continue to maintain the financial integrity and stability of TG."

The Deficit Reduction Act (Public Law 109-171) requires guarantors to deposit one percent of the amount 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 2007-08 award year by spring 2008.

TG and *Mapping Your Future*TM offer entrance and exit counseling for Grad PLUS loan borrowers

TG and *Mapping Your Future* (MYF) now offer entrance and exit counseling for Grad PLUS loan borrowers as new categories in the Online Student Loan Counseling (OSLC) series.

Although current regulations do not require entrance and exit counseling for Grad PLUS loan borrowers, many schools may find it beneficial and decide to recommend it to their students. (Note: ED will be discussing the issue of entrance counseling for Grad PLUS loan borrowers in the upcoming Neg Reg sessions that begin December 12 — see [Shoptalk Online Edition 383](#).)

Grad PLUS entrance counseling offers borrowers an overview of the features of a Grad PLUS loan, the eligibility requirements of the loan, and how to apply for the loan. Grad PLUS exit counseling offers advice for students who are graduating, have withdrawn, or have ceased to be enrolled on at least a half-time status. The exit counseling session helps students learn how to handle repayment of their Grad PLUS loans and how to avoid delinquency and default.

If you're interested in exploring the content of MYF's Grad PLUS loan entrance and exit counseling sessions, visit www.mapping-your-future.org and follow these steps:

- Select "Student Loan Counseling Interview" on the site menu on the left-hand side of the page.
- Select either "Grad PLUS Entrance Counseling" or "Grad PLUS Exit Counseling."
- Select Texas as your location and choose "Continue."
- Select MYF Demo School as your school and choose "Continue."
- If you complete the student form at the end of the session, please do not enter your actual Social Security number or other private data

More information

OSLC is provided to schools and students free of charge, thanks to the support of MYF, TG, and many sponsors and friends. To set up an OSLC account, complete the school submission form at <http://mapping-your-future.org/fao/signup/>. To add Grad PLUS Loan entrance and exit counseling to your participation categories,

contact Beth Ziehmer at feedback@mapping-your-future.org, or call (573) 796-3730.

Apply to TG's Financial Aid Leadership Symposium today

TG offers a unique leadership development opportunity for professionals in financial aid — its 2007 Financial Aid Leadership Symposium, which will be held from February 5 - 9 at the TG Campus in Round Rock, Texas. The Symposium looks closely at particular qualities of leadership within the context of the student financial aid community. Participants will interact in small-group projects and exercises, make individual presentations, and discuss real-world financial aid issues in an open forum. Throughout the workshop, attendees will hear from experts in financial aid and get the feedback of their colleagues and peers in the industry.

How can I attend the 2007 Symposium?

To apply, complete the application form on *TG Online* at www.tgslc.org/training/leaders/apply.cfm.

The application deadline is December 18, 2006. The fee for the symposium is \$1,000 per participant, which includes the full week of classes and materials, as well as hotel accommodations and selected meals.

More information

To learn more about TG's Financial Aid Leadership Symposium, visit *TG Online* at www.tgslc.org/training/leaders/. You can also contact Tom Rebstock at (800) 252-9743, ext. 2835, or send an e-mail message to tom.rebstock@tgslc.org.

Focus on success: TG partners with Ranger College for FFELP processing

A little over ten years ago, Ranger College, a two-year community college located in Ranger, Texas, withdrew from participation in the FFELP. Students then relied on scholarships, Pell grants, Supplemental Educational Opportunity Grants, Work-Study, and private loans to finance a degree or to take classes through Ranger.

Recently, the college became interested in returning to the FFELP. As with other schools, the cost of attendance is on the rise and coursework demands more of a full-time focus from students. Both factors put a premium on ready sources of funding. The school began looking for guidance in how to return to the program; it was also strongly interested in finding an easy, preferably electronic way of processing FFELP loans.

According to Sharon King, financial aid director for Ranger, the college found the answer to both its needs in TG: effective guidance on how to resume participation in the FFELP and a strong business partner able to provide a suite of electronic tools, training, and support for managing FFELP loans. "Our transition couldn't have been smoother," said Sharon. "TG has helped us through the entire process of rejoining the FFELP, with few, if any, problems to report."

Fast integration, complete life-of-the-loan processing

TG representatives from various areas, including policy and regulatory affairs, default prevention, relationship management and consulting, and business partner services, answered Ranger's questions about the FFELP and helped to draw a picture of how the school could once again begin offering FFELP loans to its students.

The school was so impressed with TG's expertise and electronic resources that it chose to use TG's complete suite of products. Early last summer, Ranger began integrating TG's software products, including AdvanTG Web™, TG Loans By Web™ (Loans By Web), PLUS Credit Connection™, EFT, and reporting, into its financial aid process. The school received training on all of TG's products and then began using them for the fall semester.

Since implementation, Ranger's financial aid staff has been impressed with the quality and support of TG's products. "We've had no problems in using TG's software," said Sharon. "The students have been very receptive to Loans By Web, and the staff like working with TG's representatives. It's all been a very positive experience."

According to Sharon, an added bonus is the comprehensive default prevention strategy that TG offers along with its products and services, an approach that uses training, campus collateral, and electronic reports to help the school monitor and maintain a good cohort default rate.

More than a decade after leaving the FFELP, Ranger has found an effective partner in TG as the college makes the transition back to federal loan processing, according to Sharon.

For more information

To learn more about TG's products and services, contact TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgslc.org. To learn more about TG's default prevention tools and services, contact your school account executive at (800) 252-9743, or send an e-mail message to relationship.management@tgslc.org.

Meet Darron Grussendorf, senior corporate trainer

Good training is like a stimulating conversation, drawing participants in so that their understanding of a topic gets richer and their desire to know more deepens. If you've been to training that's opened your thinking, then you probably understand the value of training: it becomes its own reward simply for the opportunity it offers to ask questions, to think outside the box, to learn from colleagues in the field, and, most of all, to become interested in learning more.

As financial aid becomes more complex, training is turning into more of a necessity and less of a luxury for many financial aid offices (FAOs). To perform well, FAOs rely on staff with strong regulatory backgrounds, effective customer service, and a

thorough familiarity with industry standards. TG's Speakers Bureau, a training service provided free to customers, offers an extensive set of trainings in all these areas.



What's especially great about the Speakers Bureau is that many of TG's trainers come with strong financial aid backgrounds. Darron Grussendorf, a senior corporate trainer on TG's corporate learning and development team, worked as a financial aid director for Texas Culinary Academy for several years. He's also served as a policy advisor for TG. His experiences have helped him appreciate many of the particular problems that an FAO handles.

"I've stood behind the counter, working with students who have lost their financial aid eligibility or who were confused about the financial aid process," said Darron. "So I understand the variety of situations that financial aid offices face each day."

In fact, Darron's desire to help FAOs in a more direct way was one of his original motivations for becoming a trainer.

"My goal as a trainer is to create a learning environment where both trainer and participants learn something new," said Darron. "I get tremendous satisfaction from sharing ideas."

To learn more about his experience as a trainer, *Shoptalk Online* recently asked Darron a few questions about his work life and training philosophy.

Shoptalk Online: Why is training useful to schools?

Darron: Organizations need to evaluate periodically how they work and communicate, so that they can better address such issues as motivation, conflict, customer service, creativity, and teamwork in the workplace. Training, while not always the solution, is often a great forum in which to handle these issues, which are common to most industries, including higher education. Schools can also keep abreast of the latest regulatory changes through training. I believe the training we provide to our industry partners translates into higher job satisfaction, productivity improvements, and, in the long run, better service for students.

Shoptalk Online: What are some typical questions you get asked during training?

Darron: I think the question that comes up most, and one every trainer should keep in mind, is: "How can I apply this theory or principle in my daily work? What are some practical applications?" People want to know that what you are saying is based on sound theory or research, but ultimately what they want is practical applications, specific steps, tips, techniques, or strategies that will help them improve performance on the job. When this question comes up, I tend to open it up to the audience, not to duck the question but to get them thinking. Often, that person who asked the question, or others in the audience, have the answer but

perhaps haven't had the time or opportunity to formulate it. They may need some coaxing to become creative and to think it through, in which case, when the answer comes, it feels all the more rewarding because they produced it.

Shoptalk Online: What's most fulfilling about your work?

Darron: I like the feeling that I get from helping other people to grow both professionally and personally. Many of the skills we help our customers develop can be applied not just in the workplace, but outside work as well. As someone who has benefited from training, I feel that I am now being given a wonderful opportunity to share what I have gained. But what's even better than sharing knowledge is bringing out the expertise that already exists in every training session. Participants often have the best solutions to their own workplace challenges. My job as a trainer and facilitator is to bring those ideas out so they can be discussed in a learning forum. Also, if I help others to be more productive, or if I am able to remind them that their work is meaningful, then I feel I have done my job. Many of the sessions I conduct are equal parts information and inspiration.

Shoptalk Online: What is most essential in making a good presentation?

Darron: I would have to say that interaction is the key to successful training. When I first started as a trainer, my boss gave me a wonderful book called *Telling Ain't Training* by Harold Stolovitch. He could not have given me a better head start as a professional development trainer. One of the lessons I learned from reading this book is that adults learn by doing, by having the opportunity to relate their personal knowledge and experiences to the material being taught.

For more information

Would you like to learn more about the many training opportunities TG offers through its Speakers Bureau? Visit www.tgslc.org/speakers/index.cfm to read the training catalog. Keep in mind that TG can tailor training to meet the needs of your financial aid office. To find out how, contact the TG Speakers Bureau at (800) 252-9743, ext. 4650, or send an e-mail message to darron.grussendorf@tgslc.org.

Trends and issues

Don't borrow trouble: A guide for processing alternative loans

Do you have questions about how to handle alternative loans when determining a student's aid eligibility? Have you noticed disagreement among your colleagues about whether to treat these loans as a resource — also known as estimated financial assistance, or EFA — or to ignore them? ED has recently provided clarification on the issue. The following information will assist your office in incorporating ED's guidance into your institutional policies.

Explosion in popularity

In recent years, financial aid administrators (FAAs) at postsecondary institutions across the nation have noted a sharp increase in the rate of alternative loan borrowing among their student populations. Many students have found that increases in the cost of attendance have outpaced growth in financial aid programs, forcing them to consider alternative loans. Even more worrisome is that some students decline, or do not apply for, more advantageous federal student loans in favor of borrowing alternative loans as their primary source of financial aid.

The College Board's 2006 *Trends in Student Aid* confirms what FAAs have observed about both the percentage of borrowers and the amounts borrowed. The report, available online at www.collegeboard.com/trends, states that "between 1995-96 to 2005-06...alternative private loans grew from an insignificant level to 11 percent of total funds" and that "private student loans now total \$17.3 billion, having grown at an average annual rate of about 27 percent between 2000-01 and 2005-06, after adjusting for inflation." Alternative loans represent a significant source of funding in the financial aid industry, one which will likely continue to grow at a rapid rate.

Urgent questions

Growth in the alternative loan market has given rise to increasingly urgent questions about how the school should handle an alternative loan; wide variation in lender processing policies has contributed to this uncertainty. Is the loan counted in the student's aid package even if the school does not certify it? What if the lender sends the loan check to another office on campus? If the loan check is sent directly to the student, requiring neither certification by the school nor verification of enrollment, must it be included as EFA? What about alternative loans specifically designed to exceed the cost of attendance? To add to the confusion, the school may be notified of the existence of a loan only when the check arrives, or it may not be notified at all.

ED's response

ED provided additional information about the treatment of alternative loans in the preamble to the interim final rules published in the August 9, 2006, *Federal Register*. Whereas schools previously may have considered only federal non-need-based loans, i.e., unsubsidized Stafford or PLUS, as a means of replacing the student's expected family contribution (EFC), the preamble language explicitly states that "loans that can be used to replace the EFC include non-federal, non-need-based loans that come from private, state, or institutional sources."

The preamble also refines the definition of "estimated financial assistance," which now includes "any educational benefits paid because of enrollment in a postsecondary education institution, or to cover postsecondary education expenses."

After publication of the interim final rules, ED considered input provided by the financial aid community, and provided additional clarification on the topic in the

preamble to the final rules published in the November 1, 2006, *Federal Register*. ED reiterated the statement in the interim final rules, referring to language in 34 CFR 668.16(b) and (f) in stating that “an institution must have a mechanism in place for obtaining and reviewing all information it receives that has bearing on a student’s eligibility for Title IV, HEA assistance. The institution must communicate this information to the individual designated to administer the Title IV programs at the institution.”

What does this mean for the financial aid office?

The guidance from ED makes clear that “an institution” means the school as a whole, not just the financial aid office. If an alternative loan is received by, or processed, through any other office or entity at the school, information about that loan must be communicated to the financial aid office, which must then account for the funds as EFA in the student’s aid package.

Even if an alternative loan is sent directly to the student, bypassing the school, the school must still include the loan in the EFA if it is made aware of the existence of the loan by any means.

Alternative loans specifically designed to exceed the cost of attendance are not exempt from this requirement. If the loan meets the revised definition of EFA above, it must be included in the EFA, regardless of how the lender processes and disburses the loan.

More information

For more information about the treatment of alternative loans in determining a student’s aid eligibility, contact TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgsllc.org.

Question of the week

Q: If a school is required to schedule multiple disbursements for a single-term loan period, when must the school schedule the student’s disbursements?

A: The *Common Manual* subsection 6.4.B, states that “the earliest date for which a first disbursement may be scheduled is:

- The 28th day of the first payment period if the student is a first-year undergraduate, first-time borrower and the school is subject to delayed delivery provisions for such students.
- 13 days before the first day of the first payment period for all other borrowers, including first-year undergraduate first-time borrowers at schools not subject to delayed delivery.”

Regarding the second disbursement, subsection 6.4.B goes on to states: “If the loan period for a Stafford or PLUS loan consists of one payment period, the

school must schedule the second or subsequent disbursement so that the disbursement is delivered no earlier than the calendar midpoint between the first and last scheduled days of class of the loan period."

So, in other words, the second disbursement may be received from the lender in advance of the midpoint, keeping in mind the delivery timeframes required under the *Common Manual* subsection 8.7.A, as long as it is not delivered to the student until on or after the midpoint date.

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.

This, that, and the other

According to a two-year research project conducted by the National Survey of Student Engagement (NSSE), low-achieving students showed greater improvement in grades and stayed in school longer than did higher-achieving students if they became involved in "educational purposeful activities." Statistics from the survey show that students who interacted with faculty members, worked with peers on projects inside and outside of class, participated in making class presentations, and participated in community service made greater gains in grade point averages. Improvements were seen in students with lower ACT scores as compared to students with higher ACT scores, although students with higher ACT scores still had better grades overall.

The study was composed of random samples taken from 131,256 first-year students and 128,727 seniors at 523 four-year colleges and universities. NSSE also found that black first-year students involved in these sorts of activities are returning to school for a second year in greater numbers. The survey looked closer at non-traditional students, such as distance-education students, part-time working students, and students who are 25 years and older, of which all showed similar educational gains.

NSSE, which studies how well students do in college, released this survey along with several other findings in an annual report. To read the complete *USA Today* article on the topic, visit www.usatoday.com/news/education/2006-11-12-student-activities_x.htm.



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

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