

In this issue:

Federal updates.....	1
Neg Reg begins.....	1
TG updates.....	4
TG holiday hours and <i>Shoptalk Online</i> break.....	4
Spotlight on TG's Public Benefit Grant Program: Texas A&M University — Corpus Christi.....	4
Product spotlight: TG's <i>Credit and Debt</i> brochure.....	5
Reporting Back: 2001	7
Trends and issues.....	8
Question of the week	8
This, that, and the other	9

Tip of the Week

Mark your calendars to attend the 2007 TG Annual Conference, to be held April 3-5 in Austin, Texas. To learn more about TG's premier financial aid conference, visit *TG Online* at www.tgslc.org/tgconference/index.cfm.

Federal updates

Neg Reg begins

As reported in [Shoptalk Online Edition 383](#), ED has launched a series of negotiated rulemaking or "Neg Reg" sessions to discuss potential regulatory changes under the umbrella of Student Loan Issues, with the first session held last week from December 12-14.

Neg Reg in a nutshell

Neg Reg is a process used by many federal agencies to develop and revise regulations. In Neg Reg sessions affecting financial aid regulations, a group of participants representing various sectors of the financial aid community meet with ED representatives to reach consensus on the language of a proposed rule. ED may use that language as a basis for its proposed rule, which will be published, along with a request for public comments, following the conclusion of the Neg Reg sessions.

Participants on the Student Loan Issues team of this Neg Reg represent many sectors of the financial aid industry, including students, all levels and types of

postsecondary institutions, guarantors, lenders, and secondary markets. A complete list of negotiators is located at www.ed.gov/policy/highered/reg/hearulemaking/2007/nr.html.

There will be three Neg Reg sessions focusing on Student Loan Issues. The meeting dates are as follows:

- Session 1 — December 12-14
- Session 2 — January 21-February 1 (tentative)
- Session 3 — February 26-28 (tentative)

Original agenda for Student Loan Issues team

Last fall, ED held a series of four regional hearings to solicit issues to be considered in developing an agenda for Neg Reg. As a result of those hearings, ED developed a draft agenda for the Student Loan Issues team, as posted on ED's Neg Reg site above, which included:

- Entrance counseling for Grad PLUS loan borrowers
- Identity theft
- Use of preferred lenders
- Prohibited inducements
- Economic hardship
- Retention of disbursement records supporting MPNs
- Certification of e-signatures on MPNs assigned to ED
- Use of true and exact copy of death certificates for death discharge
- Retroactive discharge for totally and permanently disabled borrowers
- Lender NSLDS reporting timeframes
- Perkins loan issues:
 - Assignment of defaulted loans
 - Eligibility requirements for child and family service cancellation
 - Definition of "reasonable and affordable" collection costs
- Technical corrections

All of the issues on the agenda were chosen on the premise that they can be resolved within the bounds of regulations, i.e., Neg Reg does not address items that would require statutory change. Furthermore, ED chose issues for the agenda that

are likely to be successfully negotiated — that is, that stand a good chance of reaching consensus.

First session adds items to the agenda

During the first session of the Student Loan Issues team, held from December 12-14, participants established organizational protocols to be used and agreed to add the following items to the agenda:

- Length of loan period for non-term programs
- Providing additional disclosures to borrowers in repayment
- Reasonable and affordable payments for Title IV defaulted loan rehabilitation
- Cessation of ordinary collection activities on defaulted Title IV loans in rehabilitation
- Standardization of policies and procedures for hardship defenses for administrative wage garnishment and federal benefit offset programs
- Single lender determination of deferment eligibility for multiple holders
- Frequency of capitalization for Consolidation loan borrowers currently in an in-school deferment
- Repayment alignment for borrowers with both Stafford and Grad PLUS loans

Although most of the original items were addressed in the first session, discussion focused on two areas of pressing concern to the financial aid community: Preferred lender lists and lender inducements.

Other Neg Reg sessions

Loan issues are not the only topic to be addressed in upcoming Neg Reg sessions. The December 8 *Federal Register* included an announcement of Neg Reg for the Academic Competitiveness Grant (ACG) and National SMART Grant Programs, as well as a separate session to address accreditation issues and other Title IV issues. The announcement also reopened ED's request for negotiator nominations for the upcoming negotiation committees. Grant sessions are scheduled to begin in January; dates for additional sessions have not yet been announced.

More information

For more information on Neg Reg, visit the ED site provided above, or contact TG customer assistance at (800) 845-6267. You can also send an e-mail message to cust.assist@tgsic.org. TG will also keep its customers informed about the Neg Reg sessions via *Shoptalk Online*.

TG updates

TG holiday hours and *Shoptalk Online* break

TG will be closed on Monday and Tuesday, December 25-26, for the Christmas holiday and on Monday, January 1, for the New Year's holiday.

Shoptalk Online will also be taking a short hiatus. You will receive your next weekly edition of *Shoptalk Online* on Tuesday, January 9.

Happy Holidays!

Spotlight on TG's Public Benefit Grant Program: Texas A&M University – Corpus Christi



Representatives from TG and Texas A&M University – Corpus Christi gathered on Dec. 6 to celebrate the grant award. Pictured (left to right): TG vice president Kim Alexander; director of financial assistance for TAMU, Jeannie Gage; Jessica Thomas, admissions counselor/grantwriter for TAMU; Kim Perez, TAMU financial assistance advisor/grantwriter; TG account executive Vincent Carales; Flavius Killebrew, president of TAMU; and Jacob Fraire, TG assistant vice president of educational alliances.

\$3.5 million in competitive grants to 28 institutions and nonprofit organizations, including TAMU-CC.

TAMU-CC will use their \$102,500 award to fund need-based grants through the Need to Succeed program; these grants will be distributed to eligible students in their first and second year on campus. TAMU-CC, a campus of the Texas A&M University System, serves more than 7,000 students. Program offerings in four

The greater Houston area has one of the fastest-growing populations of Hispanics in the nation. It also has a high proportion of first-generation high school students, who, according to studies, go to college, stay in college, and graduate at much lower rates than other students. Texas A&M University – Corpus Christi (TAMU-CC) has made this group of students the special focus of its Need to Succeed program. The program offers need-based grants to Pell-eligible, first-generation students who rank in the top 25 percent of their class. For the academic year 2007-08, TAMU-CC will offer grants to 25 eligible students living in the Houston area.

The Need to Succeed program reflects the mission and goals of TG's Public Benefit Grant Program. Through this program TG provides money directly to institutions like TAMU-CC that promote access and success among student populations traditionally underrepresented on college campuses. For fiscal year 2007, TG awarded more than

academic colleges now include 61 degree programs, including 34 undergraduate programs and 27 graduate programs.

Success ensured

Government studies like *Mortgaging Our Future*, released by the Congressional Advisory Committee on Student Financial Assistance (ACSFA), have found that inadequate funding and higher educational costs are the primary barriers to obtaining a college degree. Programs like Need to Succeed meet this problem head-on. The program provides access in the form of grants to student populations most in need; it then ensures the long-term success of these students by offering them tutoring support, coaching on good study habits, seminars on money management, and assorted career services.

TAMU-CC is targeting high schools in the Houston area that have college attendance rates of 10 percent and less. The idea is to raise awareness about higher education and to seed these communities with examples of education success. Students who receive awards, go to TAMU, graduate, and begin careers will make the benefits of an education clear to their neighbors; they will also serve as motivation for students about to graduate from high school.

"The Need to Succeed program provides vital support to a community of students just now going to college," said Jacob Fraire, TG's assistant vice president of educational alliances. "By offering grants to first-generation students, the TAMU-CC program helps address the financial need of these students and lessens the possibility that they will have to take out loans in the first year of their studies. TG has found that reducing debt goes a long way to ensuring students stay in school and graduate. These are the first steps for ensuring a better financial future for all prospective students."

TG's award process

To receive funds, all 28 awarded institutions, including TAMU-CC, had to submit proposals that addressed the issue of access to postsecondary education. More specifically, awards went to institutions with programs and services 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/publicbenefit/.

Product spotlight: TG's *Credit and Debt* brochure

One of the first pieces of junk mail students often receive once they arrive in their dorm rooms is a credit card application. Thereafter, applications form a steady stream to student mailboxes right up through graduation. For many students, that's a temptation hard to resist: Credit cards are easy to apply for, to use, and don't

come with any warnings if they're used for big purchases. The danger of course is that credit card debt usually means long-term financial obligation, just like student loans, but often on much less favorable terms.

To help your students understand credit and manage potential credit card debt better, TG has put together a *Credit and Debt* brochure. You can mail this pamphlet to students once they enroll at your school, or provide it in the financial aid office lobby for easy pick-up and stow. In a concisely-written, tri-fold format, the brochure defines credit terminology, suggests ways to moderate credit card use, provides contact information for the various credit bureaus, and offers a useful introduction to other aspects of using credit.



If you're looking to furnish your students with a basic understanding of the complex subject of credit and debt, you can start with TG's brochure. Along with other resources, like books and classes on credit and debt management, it can help prepare your students for a more secure financial future.

A closer look

To give you a more complete picture of the contents of the brochure, here are highlights from the text:

- **Consequences of bad credit:** A short list of the many drawbacks of bad credit, which forms a warning and a reminder of how to preserve good credit.
- **Credit suggestions:** Tips on how to use your credit card judiciously and maintain a low credit card debt.
- **Speak the language:** A lexicon of many credit terms, which student-borrowers may encounter for the first time once they apply for a card.
- **Understanding your credit score:** A description of what a credit score is and what a credit report provides to those checking your credit score.
- **What factors influence my credit score?** A short list of some of the most important factors affecting credit.
- **Consumer credit bureaus:** Contact information for the three credit bureaus: Equifax, Experian, and TransUnion.
- **Correcting your credit report:** What from your credit rating and credit report to be aware of and when to contact credit bureaus to report incorrect information.
- **Consumer Credit Counseling Services:** Description of the role credit counseling services provide and ways to locate one.

To order the brochure

You can order the *Credit and Debt* brochure by visiting *TG Online* at www.tgslc.org/forms/index.cfm. Note that this brochure replaces any previous TG brochures on credit and debt. If you stock a previous brochure, be sure to order its replacement.

To find out more

If you have questions about information available in this brochure, please call TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgslc.org.

Reporting Back: 2001

In 2006, TG marked its 25th year as a guarantor in the FFELP industry. To celebrate, *Shoptalk Online* has looked closer at TG's work, featuring information from TG's annual reports that detail the projects and milestones that occupied TG team members for a given year. The annual report for 2001 notes a number of achievements in various areas, including larger guarantee volume, broader industry training, and revised technology products. All of these efforts highlight ways in which TG continued to grow in terms of service and product innovation. To illustrate, here are a few excerpts from that year's report:



"Since TG was created in 1979, we have charted our progress from existing in name only to guaranteeing more than 5.7 million loans to the sum of \$20.7 billion by the end of the Fiscal Year (FY) in 2001. These guarantees have helped over 2 million students to pursue their education beyond high school.

"FY 2001 was another outstanding year for growth and opportunity. We provided 285,681 borrowers with more than 500,276 loan guarantees totaling \$2.1 billion. Out-of-state volume for FY 2001 totaled \$73.2 million, surpassing FY 2000 volume by nearly \$8.7 million.

"The most recent report issued by the U.S. Department of Education (ED) indicated our default rate has declined from 9.4 percent in 1998 to 6.9 percent in 1999. In addition, student borrowers and professionals in student financial aid and the lending community gave TG an overall customer service satisfaction score of 4.22 on a five-point scale. This is TG's highest customer satisfaction score to date.

"To further fulfill our vision, we tackled several new initiatives during FY 2001. Among them:



- Piloting a release of AdvanTG Web™, our premier web-based loan processing product;
- Implementing our Voluntary Flexible Agreement (VFA), TG's performance-based agreement with ED focused on significantly reducing student loan delinquencies and default;
- Expanding our customer service capabilities by hiring seven new national account representatives to serve the needs of our customers beyond Texas;
- Enhancing our informational resources through such initiatives as launching *Shoptalk Online*, TG's highly-acclaimed publication that highlights industry and technology news and TG services for schools, lenders, and others in the higher education community.

"This year, TG hosted over 400 financial aid and higher education professionals for the TG 2001 Annual Conference – *Passport to Success: Around FFELP in Three Days*. This year participants provided the highest rating ever given for a TG conference – 4.8 out of a possible 5.0.

"We hope that you understand the part you play in our successes – past and future. TG has always recognized the value of partnerships in serving the needs of students and families who aspire to complete a postsecondary education, and we look forward to the opportunities that await us."

Trends and issues

Question of the week

Q: I just received an alternative loan application for one of my students. I know, from reading an article in [Shoptalk Online, Edition 385](#), that when I learn of a student's alternative loan, whether the school certified it or not, I must take that alternative loan into account when determining the student's federal student aid eligibility. Should I consider the alternative loan as estimated financial assistance, which may reduce the student's eligibility for need-based aid, or should I handle it as I do other types of non-need-based loans (e.g., unsubsidized Stafford), which can be used to replace the student's expected family contribution (EFC)?

A: An alternative loan should be treated just as you treat other types of non-need-based loans in the packaging process. Ideally, it should be used, just as an unsubsidized Stafford loan or PLUS loan can be, to replace the student's EFC. However, any non-need-based loan funds that exceed the EFC are considered estimated financial assistance, which reduces the student's unmet need.

The 2006-2007 *Federal Student Aid Handbook* discusses this topic on page 1-103:

"An institution may substitute certain types of loans for the student's expected family contribution (EFC). . . If these loans are used to substitute for EFC, loan amounts that exceed the EFC are counted as a resource or estimated financial assistance."

If a student's alternative loan — in combination with any other non-need-based loans the student is receiving — exceeds the student's EFC, thereby reducing the student's need and affecting the student's eligibility for need-based aid, the school should counsel the student about the impact that the student's alternative loan has on his or her financial aid package. The student may decide to forgo or reduce the alternative loan in favor of more advantageous need-based aid.

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

These days, leaving home for college has taken on a modified meaning. More students are using computer video programs to "visit" their parents; or they're flying home more often thanks to cheap air fares; or they're driving back given college schedules that leave students more free time. A 2005 study of students at Middlebury College in Vermont found that undergraduates communicated with their mothers and fathers an average of 10.41 times a week. Whether this is a sign of over-attachment or of a healthy need to balance school and private life is in debate by various campus administrators and parents themselves.

Read the complete *New York Times* article that describes the rise in student visits at www.nytimes.com/2006/12/14/fashion/thursdaystyles/14nest.html?ref=education.



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

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.

Contributors to this edition: Chuck Bradford, Rob Davenport, Kelly Kaelin, Cindy Marrs, and Bob Dashman. Edited by TG Communications and Policy and Regulatory Affairs. Designed by TG Communications.

©2006 Texas Guaranteed Student Loan Corporation.
Ask TG and the TG logo are trademarks of Texas Guaranteed Student Loan Corporation.