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Tip^{of} the Week

You can register early through February 23 for this year's TG Conference. The conference provides a well-rounded menu of trainings and workshops on various financial aid topics. For more information and to register, visit www.tgslc.org/tgconference/index.cfm.

Federal updates

President Bush submits FY 2008 proposed budget to Congress

On February 5, 2007, President Bush submitted his FY 2008 proposed budget to Congress. The proposal provides for ED to administer over \$90 billion in grants, loans, and Work-Study assistance to help over 11 million students and their families pay for college. Key findings from recommendations outlined in the 2006 report by the Secretary of Education's Commission on the Future of Higher Education — to

improve access, affordability, and accountability in higher education — were cited within the proposal.

Request for funding

The budget calls for over \$15 billion in Pell grants to nearly 5.5 million students and \$73 billion in FFELP and Direct loans.

Pell grant

As proposed, the Pell grant funding increase would include new mandatory funding for the Pell Grant Program throughout the period of 2008-2012. The 2008 budget proposes the following:

- To raise the maximum Pell grant to \$4,600 in 2008.
- To increase the maximum Pell Grant by \$200 annually from FY 2009-2012, to a total of \$5,400.
- To make Pell grants available year-round at eligible 2-year and 4-year degree granting schools.
- To limit Pell grant eligibility to the equivalent of 16 semesters.
- To eliminate the Pell grant award rule related to tuition sensitivity.
- To exclude amounts held by students and parents in Section 529 savings and investment accounts from the statutory need analysis methodology used to determine financial need.

Additionally, ED and the Internal Revenue Service intend to implement a consent-based approach to matching applicant data reported on the Free Application for Federal Student Aid (FAFSA) with federal tax data in order to ensure proper use of Pell grant funding.

Under the president's request, the \$4,600 maximum grant in FY 2008 awarded to the highest-need students would cover nearly 75 percent of tuition and fees at a typical public 4-year college, while the average award of \$2,770 would pay for 42 percent of tuition and fees.

ACG and SMART grant

The president's request proposes to invest an additional \$1 billion over 5 years to fund the ACG and SMART Grant programs for students completing a rigorous course of study in high school. The proposed plan would increase the ACG awarded to Pell grant recipients in the first two years of college from \$750 to \$1,125 for first-year students and from \$1,300 to \$1,950 for second-year students.

Loan programs

The Bush Administration has proposed to improve student loan programs by making them more “efficient and cost-effective vehicles for helping students finance their postsecondary education.” The recommendations proposed are to:

- Increase base Stafford annual loan limits for third- and fourth-year students by \$2,000
- Increase the overall Stafford aggregate loan limits
- Standardize the interest rate on PLUS loans at a fixed rate of 8.3 percent under both the FFELP and Direct Loan Program
- Reduce special allowance payments by 50 basis points
- Increase the Consolidation loan lender fee to 1 percent
- Reduce lender insurance from 97 percent to 95 percent, as well as reduce the insurance coverage for exceptional performer serviced loans from 99 percent to 97 percent
- Reduce guaranty agency default collection payments

Work-Study

The president’s request in assistance for the Work-Study program for FY 2008 would remain level with that of FY 2007 — \$980.5 million.

Early notification

The Bush Administration has also proposed to implement early notification efforts in order to inform low and moderate-income students that if they complete high school and work hard, substantial resources are available to pay for college. Additional proposals will also be developed to raise awareness to students and their families regarding eligibility requirements for financial aid and how to prepare academically to receive this funding.

Elimination of programs

The budget has also called to eliminate certain programs found by the Secretary’s Commission on the Future of Higher Education to be “needlessly complex and duplicative.” The proposals would:

- Eliminate the Supplemental Educational Opportunity Grant (SEOG).
- Phase out the Perkins Loan Program through a recall of the federal portions of revolving funds held by schools.
- Discontinue allocations for the Leveraging Educational Assistance Partnership (LEAP) Program.

More information

The president's complete FY 2008 budget is available online at www.whitehouse.gov/omb/budget/fy2008/budget.html.

To review a summary of ED's FY 2008 budget, visit www.ed.gov/about/overview/budget/budget08/summary/index.html.

Neg Reg update

Last week, members from many sectors of the financial aid and higher education communities gathered in Washington, D.C., to participate in negotiated rulemaking (Neg Reg) sessions on a variety of issues affecting our industry. As reported in *Shoptalk Online* Edition [386](#), Neg Reg began in December with the first gathering of a Student Loan Issues team, and, as expected, ED has since established three additional teams to address general financial aid provisions, Academic Competitiveness Grant (ACG) and National Science and Mathematics to Retain Talent (SMART) grant topics, and accreditation issues.

Loan session II

During the second loan issues session (held February 5 - 7), the Student Loan Issues team and ED representatives reviewed and revised regulatory language proposed by ED on these issues:

- Entrance counseling for Grad PLUS loan borrowers
- Length of loan period for nonterm programs
- Frequency of capitalization for Consolidation loan borrowers currently in an in-school deferment
- Simplification of determination of deferment eligibility for multiple loan holders
- Eligible lender trustee relationships
- Use of preferred lenders
- Prohibited inducements
- Use of true and exact copy of death certificates for death discharge
- Retroactive discharge for totally and permanently disabled borrowers
- Lender NSLDS reporting timeframes
- Retention of disbursement records supporting master promissory notes (MPNs)
- Certification of e-signatures on MPNs assigned to ED

- Perkins loan issues, including:
 - Assignment of defaulted loans
 - Eligibility requirements for child and family service cancellation
 - Definition of "reasonable and affordable" collection costs

ED has proposed removing the following topics from the loan issues agenda:

- Providing additional disclosures to borrowers in repayment
- Reasonable and affordable payments for Title IV defaulted loan rehabilitation
- Repayment alignment for borrowers with both Stafford and Grad PLUS loans
- Standardization of policies and procedures for hardship defenses for administrative wage garnishment and federal benefit offset programs
- Economic hardship
- Cessation of ordinary collection activities on defaulted Title IV loans in rehabilitation

ED is in the process of developing proposed regulatory language on the remaining topic — loan discharge for the crime of identity theft.

The third loan issues session is scheduled to take place from March 12 – 14, and ED is giving thought to the possibility of a fourth session as well. Once the sessions are concluded, ED will publish the final proposed language in the *Federal Register* for community comment.

General provisions session I

Last week marked the first session of negotiations for the General Provisions team (held February 7 - 9). The team will consider the following topics:

- Consistent enrollment status definitions for all Title IV programs (full-time, half-time, etc.)
- Consistent definitions of undergraduate and graduate student for all Title IV programs
- Definition of independent study
- Nonstandard term and nonterm programs, including:
 - Use of completion of half the weeks of instructional time for timing of loan disbursements
 - Determining loan eligibility for nonstandard term programs

- Requiring institutions to use consistent disbursement periods, where allowed under the law
- Cash management, including:
 - Recovery of funds not claimed by student or parent
 - Student/parent permission for electronic disbursements
 - Requirements for "issuing a check" by making it available for pickup
 - Late disbursements
 - Active confirmation of a loan
 - Simplifying excess cash allowances
- Treatment of FFEL and Direct Loan funds when a student withdraws before beginning class (making consistent with other programs)
- Elimination of the single disbursement requirement for Perkins and FSEOG
- Technical corrections

The second general provisions session is tentatively scheduled to occur from March 14 - 16, and the third session from April 18 - 20.

ACG and SMART grants session I

The ACG and SMART grants team also met from February 5 - 7 to discuss items of great interest to financial aid administrators:

- Rigorous secondary school programs
- Mandatory institutional participation in ACG and National SMART Grants
- The eligibility of certificate programs for ACG
- The requirement that Pell Grants and ACG or National SMART Grants be disbursed at the same institution when awarded within the same term
- Grade point average, including:
 - Transfer students
 - Coursework
 - Timing of calculation
 - Eligibility for disbursement
- Academic year progression

The second ACG and SMART grant session is scheduled for March 5 - 7, with the final session taking place from April 16 - 18.

Accreditation sessions

The accreditation team is scheduled to begin meeting February 21 - 23, with additional meetings on March 26 - 28 and April 24 - 26. This committee will consider the following topics:

- Measures of student achievement
- Relationship of process standards to student achievement
- Consideration of mission in application of standards
- Monitoring of institutions by accrediting organizations
- Substantive change
- Due process
- Transfer of credit
- Definition of terms
- Technical and process improvements

More information

Please visit ED's "2006-07 Negotiated Rulemaking for Higher Education" Web page at www.ed.gov/policy/highered/reg/hearulemaking/2007/nr.html for more information, including ED's proposed language for final loan issues agenda items. The names of committee members selected for the ACG and SMART grant, general provisions, and accreditation teams are provided in the January 30 *Federal Register*. TG will continue to keep its customers informed about the Neg Reg sessions via *Shoptalk Online*.

TG updates

TG updates Web pages with recent HEA legislation and tax benefit information

The 110th Congress is in full swing, and senators and representatives have already introduced many higher education-related bills. To reflect Congress's recent shift in focus from developing an all-encompassing reauthorization bill to developing smaller bills that concentrate on specific topics, we have changed the name of our Reauthorization Web page to Higher Education Act Legislation. You can view the page at www.tgslc.org/hea/index.cfm. As always, legislation of particular interest is highlighted in the "What's New?" section and the Web page still includes links to

legislative activity of the 109th Congress, including the Higher Education Reconciliation Act of 2005 (HERA).

We've also recently updated our Tax Benefits of Paying for College Web page to include changes in eligibility criteria and benefit amounts for the 2006 tax year. You can view changes at www.tgslc.org/borrowers/tax/index.cfm. Also please note that H.R. 6111, the Tax Relief and Health Care Act of 2006, reinstated through 2007 the income tax deduction for qualified tuition and related expenses, retroactive to tax years beginning after December 31, 2005. Due to the last-minute nature of this extension, the IRS has provided special instructions for claiming this credit; please see www.tgslc.org/borrowers/tax/index.cfm#tuition for more information.

Spotlight on TG's Public Benefit Grant Program: Underwood Stryker Institute at Kalamazoo College



Laying the foundation for a successful college career starts as early as middle school, if not sooner. Tutoring offers one way to supplement the basic skills that students develop in subjects like math. The one-on-one relationship between tutor and student can bolster a student's math performance and offer an incentive to do even better.

The Underwood Stryker Institute for Service-Learning at Kalamazoo College recognizes the value of a good math tutoring, or "enrichment," program. The institute, which was established in 2001, organizes ongoing service-learning courses, Work-Study, and volunteer opportunities for Kalamazoo's students. More than 600 students — over half the college's total enrollment — work through the institute, taking classes and serving in the community of Kalamazoo.

The institute has designed a unique math tutoring program called "Keeping the Doors Open," geared to students from the Kalamazoo Public School system, especially minority students. The program stresses hands-on learning for middle and high school students. It also offers students from Kalamazoo College experience in leadership development.

For FY 2007, TG awarded the Underwood Stryker Institute at Kalamazoo College a grant to support its math enrichment program. To learn more about the "Keeping the Doors Open" program, *Shoptalk Online* talked with Alison Geist, director of Underwood Stryker Institute.

Q.: Describe the math enrichment program.

A.: This after-school program, which is held on our campus, offers math tutoring to middle and high school students from Kalamazoo Public Schools. The program helps these students improve their math skills and thereby increases the likelihood that they will go to college. Fifty students, most from minority

groups traditionally underrepresented in math and science, participate in the program, receiving tutoring services twice weekly. These seventh, eighth, and ninth graders were chosen by their teachers because they show promise in math but may need additional support to reach their full potential.

We have trained over 15 Kalamazoo College students as tutors and mentors, and many bring considerable tutoring experience to the program. Kalamazoo College and the Kalamazoo Public School system collaborated on the curriculum for the program, which uses math to illuminate and understand social issues, such as credit card debt, inequality, and health disparities. The program helps students brush up on their test-taking skills. It also provides plenty of opportunity for students to work collaboratively with each other.

Q.: How does the program benefit middle and high school students?

A.: The program aims to “keep the doors open” for college not only by improving these students’ skills in algebra — the “gatekeeper” to advanced placement — but also by building peer networks across and between schools in the district. The program helps students to recognize their math aptitude and thereby become invested in improving these skills. It also engages families in a student’s education. And because students come to Kalamazoo College, they learn to feel at home on a college campus.

Research shows that family involvement is critical to academic success. That’s one reason why the project employs a family liaison to assure communication and connection between home and school. This individual meets with the families of students, and, when needed, helps them navigate the public school system.

Q.: Are there other benefits to the program?

A.: We believe that higher education should be available to everyone, and that our colleges and universities are richer and more vibrant when they are diverse. In a democracy, and especially in a world of growing complexity, people need to be able to collaborate to solve public problems in ways that use multiple perspectives, assets, and skills.

“Keeping the Doors Open” simultaneously serves the Kalamazoo community, the broad ideals of higher education, and students at Kalamazoo College who have the opportunity to engage in this important work, both as tutors and as citizens working for the common good.

TG's award process

To receive funds, all awarded institutions, including the Underwood Stryker Institute of Kalamazoo College, were required 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/.

Training Watch: Join TG at these Spring conferences

Spring is one of the busiest conference seasons for the financial aid industry. TG will be a strong presence at a variety of conferences, including events held in Missouri, New Mexico, Illinois, and Oklahoma. To sample what TG representatives will be offering, read through the following short session descriptions. If you attend any of these workshops, you're sure to gain insight in the financial aid field or learn something to help you in your career. A complete listing of conferences which TG will be attending can be found online at www.tgslc.org/abouttg/calendar.cfm.

A partial list of TG's upcoming conference trainings

Missouri Association of Student Financial Aid Personnel (MASFAP) Spring Conference, Lake Ozark, Missouri, March 7 - 9

- **Adding Leadership Skills to Your Management Toolkit:** Learn to clarify the distinction between management and leadership. Working with other participants, you'll identify the characteristics of great leaders. You'll also brainstorm ways to improve leadership styles, especially within the context of a financial aid office.
- **Professional Image:** In this workshop, you'll learn why appearance is important to your business reputation, and why it pays to possess exceptional business and social skills. Learn how to communicate effectively and intelligently. Discover why body language is critical to how you are perceived. Participants in this workshop will practice techniques for projecting an image of confidence and professionalism by dressing for business success, being positive and proactive, and maintaining a respectful and cooperative attitude with coworkers.

New Mexico Association of Student Financial Aid Administrators (NMAASFAA) Annual Spring Conference, Albuquerque, New Mexico, March 14 – 16

- **What Do You Say?™:** In customer service, the first few seconds of the interaction, even your first few words, often determine your success or failure. This entertaining program answers the question "What Do You Say?" when faced with those awkward and difficult customer service moments. Session participants will learn words and phrases to handle tough customers with ease and confidence. Topics cover a variety of customer service situations, including how to respond when your customer is disappointed, when your customer won't let you help, when you can't say yes, and when your customer feels wronged.

Illinois Association of Student Financial Aid Administrators (ILASFAA) Annual Conference, Schaumburg, Illinois, March 18 – 20

- **The Leadership Secrets of Santa Claus™:** In this workshop, attendees consider Santa as a model of a great leader, with particular focus on the way he builds a high performance team, attracts and retains the best and brightest, sets goals and performance measurements, deals with change, and solves "people problems."

Oklahoma Association of Student Financial Aid Administrators (OASFAA) Spring Conference, Tulsa, Oklahoma, April 11 – 13

- **How Full Is Your Bucket?:** Research shows that negative emotions can be harmful to your health and might even shorten your life span. This workshop, based on the New York Times bestseller book by Donald O. Clifton, Ph. D. and Tom Rath, considers strategies for increasing positive emotions. In particular, it offers ways to positively fill your emotional "bank account" and those of your coworkers.

To learn more

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 businesspartner.services@tgslc.org.

Clarification for Daylight Saving Time article

In last week's *Shoptalk Online* (edition 391), the article on Daylight Saving Time incorrectly stated that TG had updated all of its operating systems, servers, and Web applications to comply with the Daylight Saving Time change. In actuality, TG has so far updated most of those systems that directly affect school and lender customers. The remainder of system updates will occur during the weekend of March 3. Final updates to our systems will occur on the weekend of March 11. *Shoptalk Online* regrets any potential confusion the article may have caused.

For more technical information

If you'd like more information to help you with implementing changes for the new Daylight Saving Time, please visit <http://www.javaworld.com/javaworld/jw-12-2006/jw-1201-dst.html>.

Tech Report

Updates coming to AdvanTG Web™ for Versatile Routing and for Common Record/CommonLine

As TG draws nearer to implementing Versatile Routing (VR) enhancements, we want to let AdvanTG Web users know about some changes you will notice in AdvanTG Web (AW).

Enhancements to AW as well as VR capabilities for lenders were implemented based on feedback from our AW users. Improvements to AW will make navigation easier and provide more options for obtaining information. With the addition of VR capabilities, lenders will be able to track their servicers more accurately.

Some background

TG's lender business partners expressed a growing need to accommodate lenders using multiple servicers. VR enhancements allow lenders that work with multiple servicers to do so under varying circumstances, which can be broad or very specific. The VR enhancement aids lenders by more accurately tracking and generating reports.

TG customers should also be aware that extensive work has begun to accommodate Common Record/CommonLine (CRC) transmission processing. As a result, AW users will see references to CRC fields throughout AW along with changes to accommodate VR, beginning in late February.

While VR functionality is lender profile-driven, it is important to note that the AW screen changes are global for all AW users. Note that TG will not profile customers for CRC processing until TG completes programming for the CRC standard.

An overview of changes

In general, AW functionality remains the same; however, you will notice some screen changes. Most changes will occur on the following screens: Create Applications, Import, Submit, and Export.

In the Create Applications screen you will notice several changes. These include:

- The CL Unique ID field is now called Award Unique ID.
- Some fields have been relocated to new tabs:
 - The Alternative Loans fields currently under the Alt @4 tab (Total Student Loan Debt field and Interest Rate Option field) have been moved to the Income / Debt tab.
 - Other fields such as the Rent Own indicator field, the Outstanding Loans field, the Mortgage/Rent payment field, and the Credit Under Different Name

field previously on the Borrower tab, Application tab, and Alt @4 tab have been placed under this tab as well.

On the Import screen, file type selection checkboxes have been removed. AW will be able to identify the file type and CL version, based on the header record.

On the Import Status screen, AW offers an Import Result report that can be generated immediately following the Import command. Similar reports can also be requested upon the Submit and Export commands.

Along with being able to generate reports at the Import, Submit, and Export commands, reporting changes include the creation of a new report called the Responses Received report. The report combines information from the Loan Response report and the Non-Guaranteed Applications Response report. This new report enables users to select from the following options:

- Guarantee Response by Received Date
- Pre-Guarantee Response by Received Date (will include rejected applications, certification requests, and credit check responses)
- Modification/Refresh Response by Received Date
- Change Transaction Response by Received Date

We have also included the Servicer ID field on our Expired EFT Disbursement report. You will have the option to include the Servicer ID field on the Advanced Debit Notification and Payment Detail reports on the Enhanced EFT Web site.

To learn more, participate in TG's webinar

TG will host multiple webinars in February to review the changes being implemented. At that time, we will also share the screen changes and address any concerns.

Webinars are scheduled for:

Schools:

- Tuesday, February 20, 9:30 a.m. – 10 a.m. CST
- Tuesday, February 27, 3 p.m. – 4 p.m. CST

Lenders:

- Thursday, February 22, 3 p.m. – 4 p.m. CST
- Monday, February 26, 9:30 a.m. – 10 a.m. CST

If you would like to participate in one of training sessions, please visit the webinar registration pages on *TG Online* at www.tgslc.org/training/advantgweb.cfm.

For more information

If you have any questions regarding this information, please contact TG's Product Support Group at (800) 332-1455, or send an e-mail message to product.support@tgsic.org.

Trends and issues

Question of the week

Q.: Is Grad PLUS considered a separate loan program from parent PLUS or is PLUS considered one loan program with two types of eligible borrowers?

A.: Per Sections 428B(a)(1) and 428B(a)(1)(A) of the Higher Education Act of 1965, as amended (HEA), "a graduate or professional student or the parents of a dependent student shall be eligible to borrow funds under this section in amounts specified in subsection (b), if – the graduate or professional student or the parents do not have an adverse credit history as determined pursuant to regulations promulgated by the Secretary." This provision does not create a new loan program, but rather allows for a new type of borrower under the existing PLUS Loan Program.

The terms and conditions of PLUS loans made to graduate and professional students are the same as those that apply to PLUS loans made to parents of dependent undergraduates, although there are additional requirements that are applicable only to Grad PLUS loan borrowers. The additional requirements are as follows:

- All graduate or professional student applicants for PLUS loans must complete the Free Application for Federal Student Aid (FAFSA).
- Before applying for a PLUS loan, a graduate or professional student must apply for and the school must determine the student's maximum eligibility for subsidized and unsubsidized Stafford loan funds. However, a graduate or professional student is not required to receive Stafford loan funds as a condition for receiving a PLUS loan, and a school may not require a graduate or professional student to receive Stafford loan funds before the student may apply for a PLUS loan.

Dear Colleague Letters (DCLs) GEN-06-02 and FP-06-05 provide more information regarding the awarding of Grad PLUS loans. To access these DCLs, go to the Information for Financial Aid Professionals (IFAP) Web site at www.ifap.ed.gov/dpctletters/GEN0602.html and www.ifap.ed.gov/dpctletters/FP0605.html.

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

In observance of Presidents' Day, TG will be closed on Monday, February 19. TG will resume normal business operations on Tuesday, February 20.



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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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