Shoptalk Online

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TG

In this issue:

Tip of the Week

Contact graduating students during their grace period to inform them of repayment options. TG has form letters and templates that can help.

To learn more, contact TG's default prevention team at (800) 338-4752.

Federal updates

ED issues DCL providing clarification on Loan Verification Certificates (LVCs)

Last week, ED released Dear Colleague Letter (DCL) GEN-07-03 in response to an influx of questions by borrowers and lenders regarding previous ED guidance (DCL GEN-06-20) on the completion and return of LVCs. Released December 1, 2006, DCL GEN-06-20 provided a list of specific circumstances in which a loan holder is not required to complete an LVC but may instead provide a written explanation for not completing the form.

Current regulations

Per the federal regulations in 34 CFR 682.209(j), a loan holder is allowed to submit a written explanation to the consolidating lender, within a 10-business-day period, explaining why the loan holder is unable to submit a completed LVC within the required timeframe. This is only permitted under limited circumstances.

Reasons for not completing an LVC

DCL GEN-06-20 provided the following list of reasons in which a loan holder is not required to submit a completed LVC if:

- A servicer or loan holder experiences technical problems which prevented it from meeting the 10 business-day deadline (in this particular case, the loan holder must provide the information once the technical problem is resolved).
- The loan holder never held the loan.
- The loan holder held the loan but has assigned it to a guarantor.
- The loan the borrower wishes to consolidate is more than 270 days delinquent and a default claim has been submitted to the guarantor.
- The loan has not been fully disbursed or the borrower is not in grace or repayment status.
- The loan the borrower wishes to consolidate has a pending judgment.
- The loan the borrower wishes to consolidate is subject to collection by wage garnishment.

Additional circumstances identified

DCL GEN-07-03 identifies two additional circumstances in which a loan holder can decline to complete an LVC. According to the DCL, a loan holder does not have to complete an LVC if:

- The loan holder had within the last 90 days completed an LVC on the borrower's loan for another lender, thus indicating that the borrower may have more than one consolidation loan application outstanding; or
- The borrower appears to have no eligible loans other than a single consolidation loan held by the loan holder.

These two particular circumstances differ from the original list in that the loan holder must also notify the Federal Student Aid Financial Partners staff of the holder's decision not to complete the LVC by sending an e-mail to LVC.Referral@ed.gov. Specific instructions regarding the information that the e-mail must contain and how to password protect the file are outlined within GEN-07-03.

On another note

ED also expressed its concern that certain participants are not listing the name of the consolidating lender to which the borrower has submitted the Consolidation loan application and which will be making the Consolidation loan. As a reminder, ED states that "an LVC may not be submitted to a loan holder and cannot be completed by the holder, unless the borrower has submitted a properly completed and signed Consolidation loan application to the requesting lender legally authorizing the release of the borrower-specific information noted on the LVC."

If a loan holder receives an LVC that does not include the name and lender identification (LID) number of the eligible lender or trustee lender that received the borrower's application under Item 19 of the LVC, it should not provide any information related to the borrower's loan. This is another circumstance in which the loan holder may provide a written explanation to the requestor as to why it cannot complete the LVC.

One final note

ED reminds participants that it is not permitted to allow borrowers to complete and sign a Consolidation loan application prior to the borrower's loans being eligible for consolidation, such as when a borrower is still in an in-school status and has not yet entered into his or her grace period.

For more information

To access DCL GEN-07-03 and GEN-06-20, go to the Information for Financial Aid Professionals Web site at:
www.fp.ed.gov/fp/attachments/activities_whatsnew/LVCDCL.pdf and
http://ifap.ed.gov/dpcletters/GEN0620.html.

TG updates

Join TG at the 2007 NASFAA Conference

The annual NASFAA Conference is one of the largest association conferences in the financial aid industry, bringing together some 3,000 financial aid administrators for training and networking. This year's conference, to be held in Washington, D.C., from July 8 – 11, offers over a hundred sessions on such topics as compliance issues, institutional program management, leadership development, student access and diversity, and more.

TG presents several sessions at this year's conference. These trainings cover a spectrum of topics in financial aid, including the regulatory intricacies of managing graduate and professional student aid; the financial barriers to a higher education, especially the effect of a lack of financial aid awareness; and various ways you can improve your office's customer service.

Be sure to attend TG's sessions for this year's NASFAA Conference. Here's a closer look at each TG training.

- *Regulatory Perils in Graduate/Professional Aid*

  Presenters: Kelly Kaelin, TG Senior Policy Advisor, and Emily Attridge, Director of Financial Aid and Institutional Research at the Stetson University College of Law

  Monday, July 9, 4:15 p.m. – 5:30 p.m.

  The regulations that govern the administration of federal financial aid and, in particular, financial aid for graduate and professional programs are complex. This session will explore a variety of regulatory issues that affect these programs in an interactive, game-like format— providing participants entertainment and learning all in one package. What could be better than that?

- *Racial/Ethnic Differences on Federal Student Financial Aid Knowledge and Its Effect on Adult Educational Attainment*

  Presenters: Lynn Barnes, director of special programs in student financial aid and Christopher Teran, management analyst, Texas A&M University; moderated by a TG representative

  Monday, July 9, 4:15 p.m. – 5:30 p.m.

  This session focuses on a study funded by a grant from TG's Public Benefit Grant Program. The study considered the financial barriers to college by investigating the effect of federal financial aid knowledge on college participation and educational attainment. Differences in financial aid awareness between first generation and non-first generation students are also analyzed, as well as differences in financial aid awareness between English-speaking households and households that primarily speak a foreign language.

- *Customer Service Extravaganza*

  Presenter: Tom Rebstock, Senior Corporate Trainer

  Tuesday, July 10, 9 a.m. – 10:15 a.m.

  Come share your ideas in an interactive session focused on best practices in customer service. This session features simultaneous table-top discussions facilitated by experts on a particular aspect of customer service. A panel of guests from four-year public and private universities, two-year colleges, and for-profit schools will each offer three or four of their best practices for improving customer service in the financial aid office. Topics of discussion include: impressing customers with your physical environment; dealing with difficult customers; serving the first-year student; customer service across multiple campuses; working with customers over the phone; serving students online; and professional development for the financial aid staff.

More information

To learn more about the NASFAA annual conference, including a preliminary agenda, visit NASFAA Annual Conference 2007.

TG releases student job placement software — TG CollegeWorks By Web™

TG has introduced TG CollegeWorks By Web, which is a Web-based system that will help financial offices maintain the student employment process. The tool allows for the electronic posting of job applications and hiring of applicants; it also provides students access to the application process.

TG CollegeWorks By Web simplifies the student employment process and reduces the volume of paper forms that financial aid office staff have to review. Students will love it because it provides 24/7 access to job bulletins through the Web.

How it works

TG CollegeWorks By Web is supported by one administrator and multiple supervisors, who are selected by the institution. Among other things, the administrator and supervisors can use TG CollegeWorks By Web to:

- Post jobs.
- Close filled jobs.
- Edit existing job postings.
- Create new job postings by copying existing ones.
- Assign job postings to specific campuses.

Students must register for access to TG CollegeWorks By Web. They can then apply for multiple jobs; they can also be hired into multiple jobs. Using TG CollegeWorks By Web, the administrator and supervisors can hire or decline applying students.

Note that the administrator sets student eligibility to apply for jobs. To aid in making hiring decisions, TG CollegeWorks By Web can capture all of an applicant's skills, relevant experience, and any application history that indicates all of the jobs for which a student has applied.

Benefits to you and to students

Placing student job placement on the Web offers numerous advantages.

"Some offices have dozens of campus jobs to post and hundreds of job applicants to screen. TG CollegeWorks By Web will drastically reduce the time spent in requiring students to appear in the office and to process paper applications," said Kim Alexander, TG Vice President for Customer Focus. "This also will provide students with greater access to the job application process."

For more information

To find out how you can begin using this new addition to TG's suite of electronic tools for financial aid professionals, contact your TG account executive at (800) 252-9743.

Spotlight on TG's Public Benefit Grant Program: Partnership for Learning — using online marketing strategies to improve college access

Thanks to a variety of electronic devices, many college students stay connected to friends and family on an almost 24/7 basis. Cell phones, laptops, digital music players, PDAs — collectively, these products form a sort of electronic umbilicus that offers news, entertainment, social networking, and more to many students. You may have wondered how you might harness the power of these tools to communicate with first-generation students about the opportunities that college brings.

Partnership for Learning, a Michigan-based non-profit, is working to answer just that question. The organization helps families and educators work together to boost student achievement, particularly among first-generation students. They do this by producing publications, programs, and training programs that explore what information first-generation students need and how they can best receive it.

TG supports one of Partnership for Learning's latest projects with a grant from its Public Benefit Grant Program. The project aims to put marketing research at the service of college outreach. Research into how teenagers use media to learn about themselves and the world is abundant. Partnership proposes to use this information to help colleges reach out to students about college. Specifically, they want to bridge the "digital divide," that is, the division between families and students who have access to media like the Internet, and those who do not.

The latest ally to college access — market research

Partnership for Learning outlines a three-stage process for giving schools the digital advantage in their outreach efforts. In the first stage, the group will do an analysis of the vast amount of research into Web-based communications with middle and high school students and their parents; special focus will be placed on first-generation communities. From that work, they will draw up a list of some best or "promising" practices with regard to media outreach.

In the second stage, the organization will test out some of these practices in a formal media lab. One such practice might include a by-now familiar marketing strategy — automated call. In this case, the automated message wouldn't push a political candidate; instead, it might announce an approaching deadline for scholarship or financial aid applications. Text-messaging, the ubiquitous way students communicate these days, offers other possibilities, as does blogging.

In the third stage, Partnership for Learning will package their research into a hands-on presentation and training, which they'll provide to schools and other organizations involved in outreach. Their priority will be on equipping schools with digital strategies that help boost college enrollment and make college attainable for a wider spectrum of students, especially first-generation students.

About TG's Public Benefit Award Program

TG established its Public Benefit Award Program to promote college access and student retention in higher education. The program provides grants to institutions that have projects and services created to enhance academic access and success.

To receive funds, organizations were required 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.

Trends and issues

How to return overawards through change transactions

There are two change transactions in CommonLine, the industry standard for electronic processing supported by AdvanTG Web™ and other loan management solutions, that are often confusing to school and lender partners. These two change transactions are the @1-10 Disbursement Notification/Change (Post-Disbursement) and the @1-11 School Refund (Return of Title IV). TG has written articles in the past, most recently in Edition 271, about the circumstances under which each transaction should be used. However, one circumstance on which TG has not provided input is the situation in which a school needs to return an overaward of loan funds to the lender.

First, note that per the *Common Manual* section 8.6, "If all disbursements of the loan have been delivered to the student before the overaward occurs, no adjustment is required under current federal regulations." However, if there is a remaining disbursement(s) on the loan, a school has several means by which it can resolve the overaward, also per the *Common Manual* section 8.6:

"The school must reduce or eliminate an overaward using one of the following options:

- Use the student's unsubsidized Stafford, PLUS, state-sponsored, or private loan to cover the EFC, if not already done.
  [§682.604(h)(1)]
- Return the entire undelivered disbursement to the lender or escrow agent and provide the lender with a written statement describing the reason for the return of proceeds and the student's revised financial need. The school should request that the lender redisburse the revised amount and, if necessary, revise subsequent disbursements to eliminate the overaward.
  [§682.604(h)(2)(i) and (ii)]
- Return to the lender the portion of the disbursement for which the student is ineligible and provide the lender with a written statement explaining the return of proceeds.
  [§682.604(h)(3)]"

So, if a school must ultimately return funds to the lender due to an overaward, which of the two change transactions should the school use to return the funds via CommonLine? TG has determined that the school should use the @1-10 change transaction. The reason for this is twofold. First, the @1-10 allows for a disbursement that is returned to be reinstated, while the @1-11 does not. While it is not likely that a school would need to reinstate loan funds returned due to an overaward, there may be a rare circumstance, such as a change in the student's cost of attendance, expected family contribution, or other aid, that may require this option to be available. Second, the @1-11 transaction requires an out-of-school date — because it is used for the return of Title IV funds when a student is withdrawn or deceased — and a student who has an overaward is not out of school but is still enrolled. Thus, the @1-10 is the better fit for the return of funds due to an overaward.

More information

More information on CommonLine change transactions is available on *TG Online* at www.tgslc.org/resources/commonline.cfm.

For questions regarding change transactions or AdvanTG Web, contact TG's product support group at (800) 332-1455 or by email at product.support@tgslc.org.

Question of the week

Q.: What is full-time enrollment for an undergraduate program in the summer?

A.: The definition of full-time enrollment for an undergraduate program is the same regardless of the term within the academic year. Keep in mind that this definition of full-time enrollment is most important for grant awarding purposes. An otherwise eligible student needs only to be enrolled at least half time in order to receive a federal loan.

The federal regulations in 34 CFR 668.2(b) define full-time enrollment as at least:

"(1) Twelve semester hours or 12 quarter hours per academic term in an educational program using a semester, trimester, or quarter system.

(2) Twenty-four semester hours or 36 quarter hours per academic year for an educational program using credit hours but not using a semester, trimester, or quarter system, or the prorated equivalent for a program of less than one academic year.

(3) Twenty-four clock hours per week for an educational program using clock hours.

(4) In an educational program using both credit and clock hours, any combination of credit and clock hours where the sum of the following fractions is equal to or greater than one:

(i) For a program using a semester, trimester, or quarter system—

$$\frac{\text{Number of credit hours per term}}{12} + \frac{\text{Number of clock hours per week}}{24}$$

(ii) For a program not using a semester, trimester, or quarter system—

$$\frac{\text{Number of semester or trimester hours per academic year}}{24} + \frac{\text{Number of quarter hours per academic year}}{36} + \frac{\text{Number of clock hours per week}}{24}$$

(5) A series of courses or seminars that equals 12 semester hours or 12 quarter hours in a maximum of 18 weeks.

(6) The work portion of a cooperative education program in which the amount of work performed is equivalent to the academic workload of a full-time student."

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.

Legislative update

The FY 2008 Congressional budget resolution came with a budget reconciliation instruction. The instruction directed the House and Senate education committees to report reconciliation legislation to the Budget Committees to achieve a savings of at least $750 million over a ten-year period. As a result, it is now likely that the committees will include HEA reauthorization legislation in their reconciliation bills. With this legislation, the Committees will amend the FFELP (Part B of the HEA) in ways that will achieve $18 – $22 billion in savings, with $750 million earmarked for deficit reduction and the remainder earmarked for increasing funding for Title IV, Title III, and Title V HEA programs, as well as funding for new programs. To learn more about these latest legislative developments, read the full *Legislative Update* report on *TG Online* at www.tgslc.org/lege_report/index.cfm.

This, that, and the other

When students vacate their dorm rooms or other campus housing, they often leave a flotsam of furniture, clothing, and other items in the frenzy to pack and move. More and more universities and colleges are turning this “trash” into “treasure” by donating these items to charities or selling them and donating the proceeds.

This year, up to 10,000 people may descend on Penn State's Beaver Stadium to pick their way through 62 tons of student detritus at the annual "Trash to Treasure" sale. The money raised is offered to the United Way. Boston College collects up to 100,000 items annually for dozens of community groups. In the 15 years since its program started, the University of Michigan has channeled 123 tons of "gently-used" student gear back to the community.

Programs also have sprung up in recent years at numerous other schools, among them Tufts, Santa Clara University, the University of Colorado, Furman University and Carleton College in Minnesota. Sometimes, student environmental groups are the driving force. But many colleges like the idea, too — at least more than paying to haul it all away.

To read the complete article on the growing charity-windfall at many colleges, visit www.cnn.com/2007/EDUCATION/05/21/colleges.moving.out.ap/index.html.

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