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## Tip<sup>of</sup> the Week

Plan a debt management session as part of your orientation activities for your next group of incoming students. Call TG's default aversion consultants at (800) 252-9743, ext. 4696, or ext. 4765, for ideas, handouts, and training resources.

## Federal updates

### Latest volume of the 2007-08 FSA Handbook now online

ED has released volume 1, Student Eligibility, of the new 2007-08 *Federal Student Aid Handbook* (FSA Handbook). In total, three volumes of the latest FSA Handbook have been released, including:

- The Application and Verification Guide
- Volume 1: Student Eligibility
- Volume 5: Overawards, Overpayments, and Withdrawal Calculations

The current volumes are available on *TG Online* at [www.tgslc.org/resources/fsa\\_handbook.cfm](http://www.tgslc.org/resources/fsa_handbook.cfm). Other volumes will be posted as they are released. Once all the volumes of the 2007-08 FSA Handbook have been released, TG will provide a single downloadable file encompassing all of the volumes. Watch future editions of *Shoptalk Online* for details.

## TG updates

### **EPI And TG release Effective Practices in Student Success (EPSS) Database**

The Educational Policy Institute (EPI), a nonprofit research center devoted to the study of educational opportunity, and TG have jointly released a new Web-based tool to provide strategies for improving student success for postsecondary institutions.

The Effective Practices in Student Success (EPSS) database is the result of a year-long process of collecting information about what works in student retention and success. The EPSS, which is a free resource for institutions of higher education, was unveiled in San Antonio at RETENTION 2007, EPI's annual international conference devoted to student success in postsecondary education.

"We conduct several conferences and workshops on student retention each year," EPI President Dr. Watson Scott Swail said. "The question we get most from participants is, 'What do we do?' It's not a trivial question, but there are very few repositories of information on student retention. Working with TG, we have designed a tool to help higher education professionals easily access information on student retention and success."

The EPSS allows schools to search a database of 150 programs by geography, institutional level and selectivity, and a variety of other variables to find strategies that may work at their institution. Additionally, the EPSS solicits programs to enter their information, which are peer-reviewed before being added to the database. Each program must have some empirical evidence of success to be included in the EPSS.

"We are keenly interested in any program that helps students stay in school and succeed. We know that first-generation students need support to overcome the obstacles they face to stay in school," said Sue McMillin, TG president and CEO. "This is important because we also know that students who succeed in college get better jobs than those who do not, and also are much less likely to default on student loans."

A study conducted in 2003 found that 22 percent of students who borrowed for higher education but did not finish their degree defaulted on their loan obligation, compared to 2 percent of students who graduated from college.

"It's a serious issue and institutions clearly get this," Swail said, "We are hopeful that the EPSS will provide them with answers to their many problems."

### **To learn more**

Institutions interested in the EPSS can visit [www.educationalpolicy.org/epss](http://www.educationalpolicy.org/epss). Registration is free, and institutions are encouraged to add to the database.

## **Tamara N. Carter joins TG as regional account executive for the Northeast**



Tamara N. Carter has been named TG's regional account executive for the Northeast, a new position for one of the nation's largest student loan guarantors.

Carter's territory will include most of the states in the Northeast corridor, including Delaware, Maryland and the District of Columbia. She will be based in the D.C. area.

Carter has five years of experience in higher education administration. She spent the past two years as the Northeast representative for EdFinancial Services, a leading student loan servicing company based in Knoxville, Tenn. From 2002 to 2004, Carter was an admissions representative for Carson-Newman College.

Carter earned a bachelor of arts degree in political science from Carson-Newman. As an undergraduate, she also participated in the Washington Centers Educational Internship Program with an emphasis in nonprofit organizations.

"Tamara will be a great asset to TG. She has a keen interest in the mission of higher education," said Margie Harvey, TG assistant vice president for relationship management and consulting. "She also knows the Northeast territory well, and has developed strong relationships in the industry that will serve her well in this new position."

### **For more information**

Carter can be reached at (800) 252-9743, ext. 2510, or by e-mail at [tamara.carter@tgslc.org](mailto:tamara.carter@tgslc.org).

## **On the Record: Federal student aid vital to Texans and to the nation**

**By Sue McMillin, TG's President and CEO**

There has been a great deal of commotion swirling around lately concerning student loan programs and questionable judgment and behavior among some participants in the federal student financial aid industry.

As a public, nonprofit corporation established in 1979 by the Texas Legislature, TG is the state's designated guarantor to administer the FFELP. We guarantee about 81 percent of the federal student loans in Texas — approximately \$3.6 billion a year and \$46 billion total since our inception.

We operate as any nonprofit organization. In our case, we offer free programs and services to students and families and all institutions of higher learning. TG operates as a public trust and does not originate, sell, or service student loans. And we do not have any revenue-sharing arrangements with any participant in the federal student loan program.

However, we do know how critically important federal student loan programs are to the nation and to Texas, a rapidly growing and ethnically diverse state where approximately one-third of higher education students are the first in their families to enroll in college. Fully two-thirds of the direct student aid awarded annually in Texas comes from the federal government through grants and loans, compared with roughly 50 percent nationally. The FFELP — a public-private partnership between the federal government and private lenders — is a crucial component for insuring financial access to higher education in Texas.

We believe that national standardized laws and regulations are the most effective way to address a federal program. However, the public should be reassured that the student financial aid community in Texas is doing the utmost to help deserving and eligible students find a way to pay for college. It is also important to know that college financial aid officers' prevailing philosophy is not simply to steer students towards loans, but to first determine their eligibility and the availability of need-based grants to help minimize the accumulation of student loan debt.

This is truly a challenge in Texas since policymakers historically have chosen to allow the state to rely heavily on student loans as the primary financial source of student financial aid. Only 5.6 percent of all college student aid is provided by the state. While Texas is the second most populous state behind California, it ranks 25th in state grant spending per capita at \$361.6 million per year, compared to \$723.5 million in California and \$910.5 million in New York.

The on-going congressional and state investigations into alleged improprieties in the student loan program are troubling. But it is important to understand that these activities are largely within private, alternative loan programs, not the FFELP. Only 3.8 percent of Texas postsecondary education undergraduates receive private alternative loans, according to the National Postsecondary Student Aid Study conducted in 2004.

The state's student financial aid community also supports the state's "Closing the Gaps" initiative to enroll 630,000 more students in Texas colleges by 2015. We help economically disadvantaged families realize that a college education is attainable through outreach programs, sponsorship of financial aid nights, counseling sessions, and special Web sites designed to provide information about higher education. This is important in Texas because about one-third of the state's

households earn less than \$25,000 a year, according to the Texas State Data Center.

TG, as well as others in our industry, continues to work with state and federal legislators and regulators to develop rules and procedures to assure proper oversight and management of student aid programs.

We in the student financial aid profession in Texas are proud of our mission. We work individually and through state groups such the Texas Association of Student Financial Aid Administrators and Association of Texas Lenders in Education, to advocate for strong and adequately funded student financial aid programs. Our interest is to help Texas students realize their educational goals and to help our state maintain a robust economy in the future.

## Product spotlight: TG's *Student Loan Default* brochure



Graduation offers a perfect opportunity for educating your graduating seniors about the obligations that come with loans and the consequences of default.

TG's new brochure — *Student Loan Default* — provides a short but comprehensive overview of default, describing payment options and other default details. The brochure, which fits easily into a regular business envelope, can be mailed to graduating students or stocked as a take-away item in your office lobby.

### A look inside

The *Student Loan Default* brochure defines default, describes its effects on borrower credit, looks at various ways to avoid default, and describes how borrowers can resolve a default with the help of their lender or guarantor. Here's a concise look inside.

- **Have student loans? Don't forget about them** — Loans come with serious financial obligations. Paying back loans is part of setting a successful course for your future.
- **What is default?** A loan enters default if the borrower has not made a payment on his or her loan(s) for at least 270 days. Essentially, the borrower has violated the terms of the loan agreement and is obligated to contact their guarantor or lender immediately.
- **What are consequences of default?** Just a few of the many negative consequences of default could include credit denial, an assessment for collection fees and costs, garnished wages, and possible legal action.
- **Payment Options** — This section describes some helpful ways to avoid default, including the use of alternative payment plans (income sensitive payment plans,

graduated payment plans, or extended payment plans), deferment, forbearance, and consolidation.

- **I defaulted. Now what?** In cases of default, the borrower should contact his or her guarantor. The guarantor becomes the holder of the loan when a default occurs. This section of the brochure educates borrowers about the various new payment agreements that can be negotiated to bring loans out of default, including reinstatement, rehabilitation, and loan consolidation.
- **First, work with your lender** — Borrowers should contact their lender if they can't make loan payments. They should also notify lenders for a variety of other changes, including leaving school, changing schools, changing the date of graduation, and changing deferment status.
- **Ten Tips to Avoid Student Loan Default:** This section offers borrowers a handy list of ways to avoid default. Just a few examples include: keeping credit card debt to a minimum, seeking help as early as possible if difficulties arise, adhering to a budget, and considering loan payments while in school.

### To order the brochure

You can order the *Student Loan Default* brochure by visiting *TG Online* at [www.tgslc.org/order/index.cfm](http://www.tgslc.org/order/index.cfm).

### 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](mailto:cust.assist@tgslc.org).

## TG announces release of Spanish version of *Frequently Asked Questions* brochure



TG recently released the Spanish version of its *Frequently Asked Questions* brochure. The brochure is an easy-to-mail pamphlet that offers detailed answers to perennial questions like — "Is consolidation right for me" or "What is forbearance?" The brochure also provides instructions on what students should do if they begin receiving bills while still in school, or if they can no longer make payments on a student loan.

### Inside the brochure

The *Frequently Asked Questions* contains a great deal of information in a compact form. Here's a summary look at its contents:

- **Looking for help?** This section introduces student borrowers to TG's role, outlining our work in the student loan industry and describing the help we provide to schools, lenders, and students.

- **Various questions:** What should I do if my lender or servicer did not receive a payment? Who handles credit bureau reporting? Answers to these and other questions go a long way toward demystifying a process that can seem complex. Information provided clearly spells out borrower obligations and offers the "next step" for borrowers to take in case of default.
- **Preventing default:** Sometimes borrowers need to speak directly with someone who understands their situation and can help. TG provides its contact information in this case and also offers a link to *Ask TG™*, an online database of frequently asked questions.

### **To order the brochure**

You can order both the Spanish and English versions of the *Frequently Asked Questions* brochure by visiting *TG Online* at [www.tgslc.org/forms/index.cfm](http://www.tgslc.org/forms/index.cfm).

### **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](mailto:cust.assist@tgslc.org).

## **Read the latest *Edufacts™* — May 2007**

The May 2007 edition of *Edufacts* looks closely at why educators are working hard to try to convince more Hispanics that college loans are a good investment.

According to the U.S. Census Bureau, Hispanics nationwide are three times less likely to have a bachelor's degree. Only 9.5 percent of Hispanics ages 25 - 29 have a bachelor's degree or higher as opposed to 28.4 percent of all people in the same age group nationwide.

Experts attribute the disparity to a lack of awareness of financial aid opportunities in the Hispanic community and an unwillingness to borrow money to pay for college.

National surveys show that Hispanics are less likely to borrow than other ethnic groups. At the University of Texas at El Paso, where four-fifths of the enrollment is Hispanic, students graduate with the lowest average indebtedness.

Reasons behind the aversion to loans include not only a lack of knowledge about financial aid but also a fear of debt and mistrust of lenders.

### **To read more**

To read more of the complete edition of the May *Edufacts* or to review other editions, visit [www.tgslc.org/edufacts/index.cfm](http://www.tgslc.org/edufacts/index.cfm).

## Trends and issues

### Question of the week

**Q.:** A student is re-admitted under her school's academic amnesty program, which allows an undergraduate student to begin a new program of study with a clear academic record. If the student applies for federal student aid (FSA), must the financial aid office, in evaluating the student's satisfactory academic progress (SAP), follow the school's academic amnesty program guidelines and exclude from her grade-point average calculation the courses that the student had exempted under the amnesty program?

**A.:** Some schools have academic amnesty/renewal procedures through which a student can apply to have credits attempted and grades earned in previous semesters excluded from the calculation of the student's grade-point average. The FSA program regulations make no provision for the concept of academic amnesty or academic renewal. Therefore, a school must always include courses applicable to a student's major — whenever taken — in evaluating a student's SAP.

This guidance comes from page 2-176 of the 2006-07 *Federal Student Aid Handbook*, available for download from *TG Online* at [www.tgslc.org/policy/fsa\\_handbook.cfm](http://www.tgslc.org/policy/fsa_handbook.cfm).

### 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](http://tgslc.custhelp.com).

## This, that, and the other

ED's Federal Student Aid (FSA) offers a concise history of federal student aid in its "FSA COACH." The FSA COACH is an online tutorial that looks closely at the school requirements for administering postsecondary federal student aid (FSA) programs authorized under Title IV of the Higher Education Act of 1965, as amended.

One of the online course modules offers a brief timeline of the legislative history to student aid. Here's some interesting information from that module: Did you know that the first major federal offering of student aid to individual students was the G.I. Bill of 1944?

The Serviceman's Readjustment Act, popularly known as the G.I. Bill, provided veterans with funds for tuition, fees, books and supplies, and living expenses. The G.I. Bill created the first major program to provide federal student aid to individuals instead of to institutions. The technological and educational advances of the post-

World War II era resulted from this national investment in postsecondary education.

The complete FSA timeline can be found at [www.ed.gov/offices/OSFAP/fsacoach/lesson1\\_2/1\\_2\\_14.html#](http://www.ed.gov/offices/OSFAP/fsacoach/lesson1_2/1_2_14.html#).



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*Shoptalk Online* is published by TG. Unless specifically noted, the policies and procedures outlined in *Shoptalk Online* apply only to loans made under the TG guarantee and not to loans underwritten by other guarantors.

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