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Tip^{of} the Week

Involve parents in students' entrance counseling. TG can provide a list of topics to cover during entrance counseling sessions. Contact TG's customer assistance team at (800) 845-6267, or send an e-mail message to cust.assist@tgslc.org to find out more.

Federal updates

ED highlights compliance issues at NASFAA Conference, issues letters and guidance

At this year's NASFAA Conference, held in Washington, D.C. from July 8-11, ED provided a single session, the Federal Update, on the morning of July 10. At the session, the ED speakers, Dan Madzellan and David Bergeron of the Office of Postsecondary Education, and Jeff Baker of Federal Student Aid, provided a summary of current activities at the federal level. These activities include proposed legislation, regulations, and budgets for the upcoming year.

FFELP compliance issue

During the session, ED mentioned that even before the proposed regulations, which are currently out for comment (see *Shoptalk Online* Edition [408](#)) and should be published as final regulations by November 1, 2007, become effective — which would be July 1, 2008 — ED would be looking at individual schools' preferred lender lists to make sure that they are in compliance with current federal regulations. As a matter of fact, ED revealed that it had sent letters to more than 900 schools at which more than 80 percent of their loan volume was through a single FFELP lender, to encourage schools to review their loan certification process to ensure FFELP regulatory compliance. The letter also encouraged schools to review Dear Colleague Letter (DCL) GEN-07-01 entitled "Borrower Choice of FFEL Lender," released in March 2007. Just yesterday, ED released an electronic announcement with the exact same title as the DCL, which echoes the sentiments in the DCL. Both letters remind schools that they have only limited authority to reduce a borrower's FFELP loan eligibility or to refuse to certify a borrower's FFELP loan on a case-by-case basis, and that a borrower's choice of lender or guarantor is not a valid reason for refusal to certify.

Federal Work-Study compliance issue

Also at the NASFAA Conference Federal Update session, ED told the audience that it has noted several schools that, in the last reporting cycle, did not meet the requirement that a school must use seven percent of its Federal Work-Study (FWS) Program funds to compensate students employed in community service jobs with at least one FWS student employed as a reading tutor for children in a reading tutoring project or performing family literacy activities in a family literacy project. ED then stated that it is required by the Higher Education Act to enforce this requirement and that ED will be enforcing it. Note that a school may request a waiver of either or both of these requirements by providing in writing detailed information to support its waiver request. See the 2006-07 *Federal Student Aid Handbook*, pages 6-15 to 6-17 for more information on the waiver process.

Alternative loan compliance issue

Finally, ED noted that it is important for schools that deal with alternative loans to remember the following principles. If enrollment is a condition for the loan, the loan is estimated financial assistance (EFA) for financial aid packaging purposes. It does not matter where the loan proceeds are sent or whether the school certified the loan. The school should consider it just like an outside scholarship. ED also noted that an alternative loan may replace the expected family contribution (EFC).

Other news

ED provided a few more pieces of interesting news to attendees. First, ED noted that it will break from its traditional pink color in the FAFSA cycle and that the 2008-09 FAFSA will be orange. ED announced that it will be implementing a real-time personal identification number (PIN) in the 2008-09 cycle. ED also noted that FAFSA applicants who have income above the IRS filing amount but who do not file

taxes will be rejected and have to submit corrections to the SAR before ED will calculate the applicant's EFC. Further, ED noted that students with dependency overrides will now be renewal FAFSA-eligible. Finally, ED announced that applicants who submit FAFSAs with missing signatures will now receive an unofficial EFC.

More information

To access DCL GEN-07-01, go to www.ifap.ed.gov/dpccletters/FP0704.html. To access the electronic announcement released July 16, go to <http://ifap.ed.gov/eannouncements/0716BorrowerChoiceFFELLender.html>. To access ED's Federal Update presentation from the NASFAA Conference, go to www.ifap.ed.gov/presentations/attachments/2007NASFAAConferenceFederalUpdate.pdf.

House passes the College Cost Reduction Act of 2007; Senate may take up related bill later this month

Last Wednesday, July 11, the House of Representatives approved the College Cost Reduction Act of 2007 (H.R. 2669) by a margin of 273 to 149. The Senate may consider the bill's companion legislation, the Higher Education Access Act of 2007 (S. 1762), later this month. If the Senate passes its companion bill, both H.R. 2669 and S. 1762, which have several differences, will need to be reconciled in conference committee.

H.R. 2669 has already received a threat of a presidential veto. The Bush Administration has stated that if H.R. 2669 was presented to the president in its current form, his senior advisors would, according to a Statement of Administration Policy released July 10, 2007, "recommend that he veto the bill because it fails to target aid to the neediest students currently in college and creates new mandatory Federal programs and policies that are poorly designed and would have significant long-term costs to the taxpayer."

H.R. 2669 would, among other provisions:

- Increase the annual Pell Grant to \$5,200 over five years and allow Pell for year-round study
- Increase Stafford annual loan limits for third-year and beyond students from \$5,500 to \$7,500 and base aggregate limits from \$23,000 to \$30,500 for undergraduate students and \$65,500 to \$73,000 for graduate students
- Halve interest rates over five years from 6.8 percent to 3.4 percent, with the rate returning to 6.8 percent in 2013
- Reduce the lender special allowance rate to 1.19 percent for Stafford loans not in repayment status, 1.79 percent for Stafford loans in repayment status and PLUS loans, and 2.09 percent for Consolidation loans

- Reduce lender reinsurance to 95 percent (100 percent for lender of last resort loans)
- Increase the lender fee from .5 percent to 1 percent, except for small lenders and non-profit lenders not associated with for profit entities
- Repeal the exceptional performer program
- Reduce the collection retention for FFELP guarantors from 23 percent to 16 percent and the payment of the Account Maintenance Fee from a loan volume to "per loan" basis
- Expand the income-contingent repayment plan to FFELP borrowers, provide a monthly repayment cap of 15 percent of the amount by which a borrower's adjusted gross income exceeds 150 percent of the poverty line, and forgive remaining debt after 20 years of repayment
- Add \$100,000,000 annually for five years to the Perkins Loan Program
- Provide new tuition assistance for students who become teachers in public schools located in high-poverty areas
- Provide and expand student loan forgiveness for certain public service workers and professionals
- Establish incentives for institutions and states to control tuition and includes requirements for the provision of consumer information, transparency, and accountability
- Establish a new challenge grant program to encourage partnerships among the federal and state governments and the private and philanthropic sectors to increase postsecondary education participation by underrepresented populations and first generation students
- Require ED and the Treasury Department to conduct a pilot program on using a market-based auction system for determining lender interest rates and using the Internal Revenue Service to collect income-contingent loans

More information

To access the Statement of Administration Policy referenced above, go to www.whitehouse.gov/omb/legislative/sap/110-1/hr2669sap-r.pdf. To access the text of H.R. 2669, go to *Thomas*, the U.S. Congress on the Internet, at <http://thomas.loc.gov/>. In the space for "Search Bill Text," enter "HR 2669," click on "Bill Number," and click "Search."

TG updates

TG's sessions at NASFAA Conference leave participants energized

Thousands of higher education professionals attend the NASFAA Conference each year for the variety and sheer number of workshops on issues in higher education. This year's event, held July 8–10 in Washington, D.C., drew some 2,900 attendees with training that covered a broad spectrum of subjects — from institutional program management to compliance to leadership development.

TG presented two sessions at this year's conference that energized attendees with their novel formats and enlightening content. One took a close look at federal regulations governing Title IV graduate and professional programs of study. The other drew on the expertise of attendees, all of whom had something to share on the essential element of every financial aid office — good customer service.

Learning regulatory details by the clicker

The Higher Education Reconciliation Act of 2005 mandated a whole new twist to an existing loan program by opening up the PLUS Loan Program to graduate and professional students — which means new regulations and process details to grapple with. One of TG's NASFAA sessions, *Regulatory Perils in Graduate/Professional Aid*, looked squarely at these and other changes but took a different approach to teaching the material from the tried and true 'lecture-and-slides' style, a standard format for many policy workshops.

Instead, participants were given clickers, or small remote selection devices, which they used to choose an answer when questions were flashed up on a screen. Participants accumulated points for correct answers with highest scorers recognized at the end; questions were based on real-life financial aid office scenarios. TG senior policy advisor Kelly Kaelin, who served as presenter for this session, notes the advantage of this approach to training.

"A session like this puts the participant in the driver's seat," said Kaelin. "My job was more to facilitate things as the audience digested the material. Instead of listening passively, participants could apply their current knowledge and enhance that knowledge in an active learning environment."

According to Kaelin, the light form of competition — in addition to stimulating attendees to learn — even contributes to a spirit of camaraderie.

"People love doing well and watching their colleagues do well," said Kaelin. "The audience always cheers for the winners at the end."

Peer-to-peer tutelage

TG's second session, *Customer Service Extravaganza*, capitalizes on the same form of interactive energy but considers a different aspect of financial aid work — customer service, or the financial aid office's (FAO) relationship with the student.

For this workshop, participants were divided up into groups with each group discussing various areas of customer service — for example, the FAO physical environment, servicing multiple campuses, telephone interactions, and handling difficult customers.

TG corporate trainer Tom Rebstock said that participants found the format engaging for the informal challenge it presented — each group had to come up with a list of best practices and share them at the end — and the opportunity to learn from peers experiencing similar issues.

“Each group had a topic leader who led off with some specific ideas for outstanding customer service, then facilitated discussion,” said Rebstock. “At the end, after sharing what they came up with for best practices, each group opened up talk to a general Q&A.”

The session yielded a number of different suggestions for improving customer service, among them:

- Conduct annual assessments of the financial aid staff's knowledge of policy and regulations and use that assessment as a basis for training assignments, merit increases, promotions, etc.
- Provide joint training for financial aid staff along with the admissions, business office, and other related departments

Rebstock said he was particularly impressed with the similarly high service standards that financial aid offices set for themselves from state to state and from one institution type to another, whether private or public, two-year or four-year college.

More information

TG offers both these training sessions through its Speakers Bureau service. To learn more about these sessions and others available through the TG Speakers Bureau, or to find out how to request a training event at your institution, visit *TG Online* at www.tgslc.org/speakers/index.cfm.

Reminder: TG to hold webinars on latest AdvanTG Web™ and TG Loans By Web™ enhancements

TG will release enhanced versions of AdvanTG Web and TG Loans By Web on July 21. Many of the latest changes to these products were inspired by customer feedback and take into consideration the current needs of schools and lenders.

Users will especially appreciate being able to customize specific features and to gather better reports on student loan data.

In particular, schools will find helpful a new feature that allows them to show transparency in their lender list selection process. The customizable lender list disclosure may be useful in reducing phone calls from borrowers; it could also explain lender selection to interested parents and students.

Just before and after the release of these enhancements, TG will offer webinars to inform users about changes. The webinars will provide schools and lenders an overview of all modifications to screens and functions and include an opportunity for asking questions.

Abbreviated list of changes

TG relies on customer feedback to enhance its products, and customer input provided the basis for many of the latest changes, including additional data filters, reports, and customized communications.

Here's a short list of the latest additions to AdvanTG Web and TG Loans By Web features and functions. For a more complete listing, refer to edition [413](#) of *Shoptalk Online*.

- TG has updated the TG Loans By Web e-sign process to include employer information in the electronic form post. This information is already being collected in the PLUS flows of TG Loans By Web and will now be included in the information forwarded to the borrower in the e-sign process.
- A completely upgraded credit reporting interface has been added to help schools identify credit activity at a glance. This new List Credit Applications screen will provide critical information about the status of each credit application, including whether the borrower has requested a loan, whether the lender has responded, and if the application is ready for guarantee.
- AdvanTG Web now provides for lender list neutrality, allowing a school to disclose how it determines its lender list. These lists and disclosure text can be modified by the school through the Institution Administration tool. This change allows the school to avoid any appearance of impropriety by offering information upfront.
- A lender participating in the PLUS Credit Connection™ process can use Institution Administration in AdvanTG Web to create a customized message that will display after the borrower submits a loan request or loan award in TG Loans By Web. This feature can be used to inform borrowers when to expect a credit decision, thus reducing call volume to schools and lenders.
- In addition to giving schools the ability to supply customized messaging to their borrowers, AdvanTG Web will now also allow schools to designate up to five sets of loan period dates and the label for each set of dates.

- Schools and lenders using TG Versatile RoutingSM will have more options and better reporting based on the servicer ID. For example, the added servicer ID is displayed and populated on all applications, loans, and disbursement View screens and Edit Applications and Loans screens.
- Search functions within the Integrated Default Assistant (IDATM) portion of AdvanTG Web have been improved. By adding delinquency status to the Report Criteria Query, users can easily locate critical delinquency records and focus resources where they are most needed.
- Entrance counseling has been added to process flows for Grad PLUS applications. After taking online counseling through *Mapping Your Future*TM, borrowers are strongly encouraged to return to TG Loans By Web to complete the loan process.
- Schools, lenders, and students will be able to use Continuous Feedback links in AdvanTG Web and TG Loans By Web to comment on particular functions.
- The look and feel of AdvanTG Web has also been made to be more consistent with that for *TG Online*.

To participate in a webinar

To learn more about the latest enhancements to AdvanTG Web and TG Loans By Web, please see the dates and times below for webinars.

- **Wednesday, July 18, 10:00 a.m. to 11:00 a.m.:** If you would like to participate in this training, please visit the webinar registration pages on *TG Online* at www.tgslc.org/training/advantgweb.cfm.
- **Monday, July 23, 2 p.m. to 3 p.m.:** If you would like to participate in this training, 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@tgslc.org.

TG makes Enhanced EFT Reporting more robust tool with new options

TG's Enhanced EFT Reporting Web site provides customers with access to information on their daily electronic funds transfer (EFT) processing through TG. The site also offers access to archived records going back three years. Schools and lenders can view this information through a set of TG's standard EFT reports, including the Payment Detail and Advance Debit Notification reports, as well as custom reports and data downloads. The site can be used in conjunction with AdvanTG Web's Reporting section, or by itself, without accessing AdvanTG Web.

A few changes have been made to various areas of Enhanced EFT Reporting to make the site even more useful for schools and lenders. These enhancements should give users more control over their data and provide more flexibility in tracking EFT disbursements.

Here's a listing of the latest enhancements to the Web site.

- A correction to the "Debit Date" has been made on the Advanced Debit Notification (ADN) and the "Receipt Date" on the Payment Detail Report. The dates now accurately reflect the date the funds will be moved; they will mirror how dates are populated in the AdvanTG Web version of the reports.
- "View Criteria" options will be expanded to include report options added with the implementation of TG Versatile Routingsm. These options will help schools and lenders identify reoccurring report requests.
- The Web site now incorporates an additional sort order — by Department of Education (ED) identifier (ID) — for TG's proprietary EFT reports. This secondary sort will help servicers accurately identify transactions for multiple lenders with the same name.

To learn more

TG is committed to providing effective loan processing products for our customers. For more information about the Enhanced EFT Reporting Web site features, options, and processes, contact your TG account executive. If you need further assistance, please contact Product Support at (800) 332-1455, or send an e-mail message to product.support@tgisc.org.

Trends and issues

Question of the week

Q.: A borrower has two Consolidation loans; one is eligible for federal interest subsidy and the other is not. Why is this?

A.: The difference is the result of statutory changes derived from the Student Loan Reform Act of 1993 and the Emergency Student Loan Consolidation Act (ESLCA) of 1997. A Federal Consolidation loan is eligible for federal interest subsidy during authorized periods of deferment if the loan was made from an application received by the lender:

- Between January 1, 1993, and August 9, 1993, inclusive, excluding any portions derived from HEAL loans.
- Between August 10, 1993, and November 12, 1997, inclusive, only if all of the underlying loans are subsidized Stafford loans.

- On or after November 13, 1997, on any portion of the Consolidation loan that paid an underlying subsidized FFELP loan or an underlying subsidized Direct loan. The borrower is responsible for interest payment during periods of authorized deferment on all other portions of a Consolidation loan.

This topic is addressed in section 15.6 of the 2007 *Electronic Common Manual* available at www.tgslc.org/policy/integrated_online_manual.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.

This, that, and the other

The Education Finance Council (EFC), an association of nonprofit and state-based student loan providers, recently released its annual compilation of the programs, benefits, and services offered by its members. Titled *Nonprofit Student Loan Providers: Investing in Communities*, the 2007 publication offers a listing of EFC borrower resources by state.

Voting members of the EFC serve in public-purpose organizations dedicated to making college more affordable. Students don't always have to live or attend school in a particular state to receive loans from EFC members.

The EFC report is created for students, families, schools, and other institutions working in higher education. The listing includes links to sites for awareness and outreach efforts, default aversion programs, and public and borrower benefit offerings.

You'll find the report at www.efc.org/cs/benefits.



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