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Tip^{of} the Week

The State Education Resources area of *Adventures In Education (AIE™)* directs students, families, and educators to state-based Web sites on education issues. This section of AIE provides an interactive map and a catalog of over 300 resources. You'll find it at www.aie.org/State/index.cfm.

Federal updates

Senate approves reauthorization bill; another HEA extension passed

Mention reauthorization of the Higher Education Act (HEA) to any of your colleagues, and you'll likely get a sigh of frustration in response. Reauthorization, which has now been delayed by a total of eight extensions over the past 4 years, sometimes seems as elusive and fabled as the Holy Grail. Recent news from Congress, though, has been encouraging to those of us awaiting definitive action from our lawmakers.

A step in the right direction

The Senate is a step ahead of the House in the reauthorization process. As mentioned in last week's [Shoptalk Online](#), the Senate reauthorization bill — the Higher Education Amendments Act of 2007 (S 1642) — passed on July 24, 2007, by a unanimous vote of 95-0. S 1642 would make several significant changes to the Title IV programs; some of the most notable include:

- Simplification of the deferment process
- Expansion of disability discharge benefits
- Increased disclosure to borrowers
- Strengthening of prohibited inducement provisions
- Creation of new financial literacy programs
- Elimination of the school as lender program effective June 30, 2012
- Simplification of the FAFSA
- An increase in the statutory Pell grant limit to \$6,300 by award year 2011-12

S 1642 also incorporates many of the provisions found in the House and Senate versions of the Student Loan Sunshine Act, establishing reporting and disclosure requirements for lenders and schools for both FFELP and private educational loans.

In the other chamber, Chairman George Miller (CA) of the House Committee on Education and Labor has stated his committee's intention to develop a reauthorization bill, but not until Congress returns from its August recess. Any legislation developed and approved by the House would then go through the conference committee process to negotiate a bill that both chambers can agree upon.

Same song, different verse...

On the same day the Senate passed S 1642, it also approved the Second Higher Education Extension Act of 2007 (S 1868), which was subsequently passed by the House, providing another clear signal that Congress does not expect to take further action on a reauthorization bill before the current short-term extension expires on July 31. S 1868, which has been sent to President Bush and is expected to be signed into law, would extend the HEA for an additional three months, to October 31.

For more information

To access the text of S 1642, go to *Thomas*, the U.S. Congress Web site, at <http://thomas.loc.gov/>. In the space for "Search Bill Text," enter "S 1642," click on "Bill Number," and click "Search."

TG updates

Profiles in customer success: University of South Florida's FAO "embraces change" through TG training



Organizational change means different things to different people: To some, it means opportunity, perhaps a chance to explore new skills; to others, change causes anxiety and may even threaten their sense of on-the-job security. Joan Bailey, assistant director of the Office of Financial Aid at the University of South Florida (USF), sees a positive prospect in change and, after participating in some recent TG training, found a way to impart that message to her staff.

Last February, Joan attended TG's week-long workshop for managers in financial aid — the TG Financial Aid Leadership Symposium. The Symposium offers participants a one-of-a-kind experience: a close study of the building blocks of leadership — having a vision, motivating staff, and embracing change, among others — in the context of the financial aid office. For Joan, embracing change was something she was especially interested in learning more about.

"Our office has been without a director for some time," said Joan. "While looking for a person to fill that position, the office has undergone some changes, with the prospect of more to come. I wanted to find a way to help the team prepare and keep an open mind about the process."

Joan was so impressed with the "Embracing Change" workshop of the Symposium that she invited the workshop leader to present the same session to her USF staff. Pat Woods, assistant manager for TG's training team and presenter for "Embracing Change," was happy to oblige.

"I think Joan saw the workshop as a way to help participants see the opportunity in change," said Pat. "When people have a positive attitude about organizational shifts, they really can open up doors for themselves."

Building a foundation for what's to come

The Office of Financial Aid at USF has a staff of more than 40 financial aid professionals who manage the financial aid process for more than 40,000 students. Joan says that the workload can be challenging, especially as duties shift. Before a new director is hired who may implement even more change, Joan wanted her team to recognize their ability to become active members of the change process.

According to Pat, the "Embracing Change" workshop can help participants do exactly that — through various hands-on exercises and discussions, participants better understand their own assumptions about change and find ways to control their reactions.

"People can adapt most of the time," said Pat. "It often comes down to making a choice to accept and work with change."

The USF staff responded positively to the session, said Joan. "Several staff members told me that they felt the workshop gave them a new perspective on change. I think most people learned something about themselves, which should help them as we go forward."

To learn more

TG offers this training session and others through its Speakers Bureau service. To learn more about 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.

Meet Judy Hagood, TG's loan guarantee specialist



At TG, Judy Hagood is known for the careful eye she gives to her work. As a loan guarantee specialist, Judy reviews loan applications that have been rejected in processing because the student may have exceeded the Stafford loan aggregate limit in borrowing for his or her education. She also handles an assortment of loan reports that TG runs on its loan guarantees.

Not everyone is patient enough to do the rigorous work of an aggregate review, but Judy finds a challenge in the task.

"People think this can be a tedious assignment that requires the utmost accuracy," said Judy. "But I really enjoy processing the aggregate reviews — I find it's one of my favorite duties."

Judy notes that TG performs two separate aggregate reviews to ensure that applications are processed correctly. "We take this process very seriously and strive to make sure that the borrower is not exceed his or her aggregate limit."

Judy's teammates in TG's loan guarantee operations have come to rely on this meticulous attention to detail. They also appreciate Judy's willingness to pitch in during peak season and her dedication to getting things done fast.

"I help in manually entering Consolidation loan applications," said Judy. "It is important to TG and to our customers that these applications load to our system as quickly as possible."

An integral team member

Rejected applications are handled mainly by hand at TG, where specialists review each application to determine the reason behind the reject and to correct problems until a guarantee can be made. Judy is part of that process — she distributes a daily list of rejected loan applications to the members of loan guarantee operations and even chips in to help when demand is high.

Such team spirit comes partly from having worked for some 16 years at TG, all of that time in loan guarantee operations. Before that, she developed her skill at ensuring the accuracy of data by working at a bank. "I served in the installment loan department," said Judy.

To do her job, Judy uses data supplied from the National Student Loan Data System (NSLDS). When guarantors and lenders recently lost access to NSLDS, Judy came to realize how valuable this information is for schools; school customers came to understand what an important service Judy provides.

"Since regaining access to NSLDS, we have received so many comments of appreciation from our customers," said Judy. "They see much more clearly what it takes to avoid exceeding a student's Stafford loan aggregate limit."

Learn more

To contact TG loan guarantee operations, call (800) 446-5616, or send an e-mail message to lgo.helps@tgsic.org.

Read the latest *Edufacts*[™] — July 2007

In the July 2007 edition of *Edufacts*, TG considers Federal PLUS loans and how, despite favorable terms, few parents use PLUS loans to finance their children's education.

In 2004, 35 percent of all postsecondary students borrowed money through the Federal Stafford Loan Program. But Stafford loans are not always enough: first-year dependent undergraduate students, for example, are limited to \$3,500 for their first academic year. This amount falls far short of a year's worth of expenses at many educational institutions.

One way to fill the gap is through the Federal PLUS Loan Program, which allows parents to borrow the full amount needed to make up the difference. When compared to private loans, PLUS loans offer favorable terms, including a lower interest rate (currently fixed at 8.5 percent), flexible repayment options, no need for collateral, and a 10-year repayment period. Parents also are eligible for periodic repayment deferment under certain conditions.

About 225,000 PLUS loans were made a decade ago; that figure has now more than doubled to 665,000. The size of the average PLUS loan also increased dramatically, from a little more than \$6,000 in 1996-97 to nearly \$12,000 in 2006-07.

At the same time, college costs have soared, leading to a situation where more parents find themselves unable to finance their children's educations. While many used to dip into savings and even retirement plans to help pay for college, this is becoming increasingly impossible for many families.

Despite these factors, however, the Federal PLUS Loan Program is still relatively unknown to a majority of families. Only 3 percent of parents with college-going children borrowed PLUS loans in 2004.

Some financial aid professionals believe that parents don't borrow PLUS loans because they don't know about their options. State loan programs may offer a good deal, which draws the interest of borrowers. Many families also have trouble with the required credit check — while relatively lax by the standards of private lenders, it remains a barrier to borrowing for some parents.

Learn more

To read the complete edition of the July *Edufacts* or to review other editions, visit www.tgslc.org/edufacts/index.cfm.

Tech Report

TG posts new schedule for CIR and AGD report processing

In an effort to provide effective products and services based on customer feedback, TG has modified the schedule for processing requests for Comprehensive Institutional Reports (CIR) and Anticipated Graduation Date (AGD) reports. In the past, TG processed requests for these reports at 5 p.m. (CDT) Monday – Friday. On July 25, 2007, TG changed its processing schedule.

Here is the new schedule:

- CIRs will be processed at 9 a.m., 3 p.m., 6 p.m., and 9 p.m. (CDT) Monday – Friday. On the last business day of the month, requests will be processed at 9 a.m., 3 p.m., and 5 p.m. (CDT).
- AGD reports and/or letters will be processed daily at 6 p.m. (CDT). On the last business day of the month, requests will be processed at 5 p.m. (CDT).

About the CIR

These report requests, which can be customized, are simple to create and provide a variety of research information. Reports can be used to determine the volume of loans for your institution. Schools, lenders, and servicers can use these reports to review their loan volume portfolio in summary or in detailed form. You can also request a report for one or multiple institutions in a single report. Once created, the report requests can be saved and, with minor editing, reused to produce data on a regular basis.

About the AGD Report

AGD reports identify graduating students and include printed letters reminding these students of their repayment obligations.

To learn more

TG is committed to providing effective loan processing products for our customers. For more information about CIRs or AGD reports and letters, contact your TG account executive. If you need further assistance, please contact product support at (800) 332-1455, or send an e-mail to product.support@tglsc.org.

TG announces improved processing of MPN information

TG can now process new record types to help institutions that create @1B and @1S CommonLine response files.

Master promissory note (MPN) processing has been expanded so that MPN information can be updated on TG's mainframe using CommonLine 4 @1B and CommonLine 5 @1S records.

Fields that can be updated using @1B or @1S records include:

- Borrower Signature Code
- Borrower Signature Date
- Borrower Electronic Signature Indicator Code
- E-Signature Source Type Code
- MPN Confirmation Indicator
- Borrower Confirmation Indicator
- Application/Loan Phase Code
- Lender-Servicer Status Code
- Promissory Note Status Code
- Lender-Servicer Status Date/Time Stamp
- Promissory Note Status Date/Time Stamp
- Credit Status Code, and
- Credit Status Date/Time Stamp.

For questions

For additional information about these changes, please contact product support at (800) 332-1455, or send an e-mail message to product.support@tgsic.org.

Trends and issues

Question of the week

Q.: A first- or second-year student for whom a school has certified a loan using an increased Stafford loan amount during a loan period that includes July 1, 2007, withdraws prior to July 1. Does the school include the first disbursement of the loan in the return of Title IV funds (R2T4) calculation as "aid that could have been disbursed"? Or does the school exclude the disbursement from the calculation?

A.: According to guidance received from ED's Office of Postsecondary Education, the disbursement is included in the R2T4 calculation as "aid that could have been disbursed," since the payment period or period of enrollment — depending on the basis on which the school completes the calculation — includes July 1.

Example: A school certified a \$3,500 loan for a first-year student for the summer period of June 4 to August 17, 2007. The school is not exempt from the multiple disbursement requirement, so the school schedules the first and second disbursements of the loan for July 2 and July 11, respectively. The student withdraws on June 27. Even though the student withdrew before the date of the first disbursement of the loan, the school still counts the first disbursement of the loan as "aid that could have been disbursed" in its R2T4 calculation for the student. Note that the school also counts the second disbursement of the loan as "aid that could have been disbursed" in the calculation (per the 2007-08 *Federal Student Aid Handbook*, page 5-56), but that a withdrawn student can never receive the funds from a second or subsequent disbursement of a loan as a post-withdrawal disbursement, because the student did not successfully complete the period for which the loan was intended.

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

Recently, the House of Representatives passed its budget reconciliation bill, HR 2669 — The College Cost Reduction Act. And on July 20, the Senate passed its budget reconciliation bill, S 1672 — The Higher Education Access Act (HEAA). The Office of Management and Budget (OMB) has issued a veto threat for both of these bills, saying the lender reductions are not steep enough, not enough of the savings are directed to Pell Grants, and the auction proposals are unworkable. Read the full report on *TG Online* at www.tgslc.org/lege_report/2007/lr_070724.cfm.

This, that, and the other

Since education is such an essential element in our information age, you may think that most high school graduates go right to college after getting a diploma. Actually, about a third or more do not. According to the National Center for Education Statistics (NCES), immediate college enrollment reached an all-time high in 2005, when 69 percent of high school graduates went directly to college. Before that, the year with the next highest enrollment came in 1997 — 67 percent of high school grads embarked on college that year.

From 1972 to 2005, women fresh out of high school outpaced their male counterparts in terms of immediate enrollment. Much of this growth came between 1981 and 1997 and occurred mainly with four-year institutions. During this same period, the rate at which females enrolled at four-year schools increased faster than it did for either males or females at two-year institutions.

White enrollment grew steadily from the late '70s up to 1998, when it reached 69 percent; it spiked again in 2005 with 73 percent immediate enrollment. The number of black students going right to college fluctuated during this same period and the education gap between whites and blacks grew at a general, steady rate.

To learn more about the variation in college enrollment rates over the last several decades, visit the NCES Web site at <http://nces.ed.gov/fastfacts/display.asp?id=51>.



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