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

One way you can give your students information about financial aid is through easy-to-mail brochures. TG offers a suite of publications on many of the issues important to your students. You can order them through *TG Online* at [www.tgslc.org/order/index.cfm](http://www.tgslc.org/order/index.cfm)

## Federal updates

### ED announces new National SMART Grant majors

Yesterday, ED released Dear Colleague Letter (DCL) GEN-07-06, announcing additions to the list of eligible academic majors under the National Science and Mathematics Success to Retain Talent (SMART) Grant Program for the 2007-08 award year. Although ED had previously advised in GEN-07-02 (see *Shoptalk Online* edition [403](#)) that it would not change the list of eligible majors for the 2007-08 award year, the following CIP (Classification of Instructional Programs) codes, and their corresponding majors, are now eligible under the SMART Grant Program:

#### CIP code Major

01.1001 Food Science

01.1002 Food Technology and Processing

- 03.0104 Environmental Science
- 03.0301 Fishing and Fisheries Sciences and Management
- 03.0502 Forest Sciences and Biology
- 03.0509 Wood Science and Wood Products/Pulp and Paper Technology
- 03.0601 Wildlife and Wildlands Science and Management
- 30.1001 Biopsychology
- 30.1901 Nutrition Sciences
- 42.1101 Physiological Psychology/Psychobiology

### **More information**

To access DCL GEN-07-06, go to the Information for Financial Aid Professionals Web site at <http://ifap.ed.gov/dpclletters/GEN0706.html>.

## **TG updates**

### **TG awards more than \$5.2 million in competitive grants to advance college access and student retention**

TG has awarded more than \$5.2 million in grants to 42 institutions and nonprofit organizations to advance access to college, student retention, and educational research. This is the third consecutive year that TG will award the competitive grants through its Public Benefit Grant Program, the company's philanthropic initiative.

In reviewing grant proposals, TG required each nonprofit organization to use grant funding to improve access to, or participation in, postsecondary education, college retention, and student access. The grant funding should also be used to help, either directly or indirectly, students from low- to moderate-income families. Priority also was given to proposals that addressed the needs of first-generation college students, students from high schools with low college-going rates, and/or students who are under-represented in higher education.

TG's grant funds will help this year's award recipients with efforts in financial aid with need-based grants to students; student mentoring and internships; pre-college outreach to students and families; academic support and instruction; student retention; student transfer guidance and support; and education research. Last year, TG awarded \$3.8 million in grants to 28 institutions and nonprofit organizations.

"There is a great need to create better access to college, and to help students overcome obstacles to stay in school," said Sue McMillin, TG president and CEO.

"We are proud that through TG's Public Benefit Grant Program, we can support these organizations in providing services and exploring new avenues to help students and families realize their higher educational goals."

TG's Public Benefit Grant Program is administered based solely on merit and needs, and without regard to the business of TG or any form of quid pro quo consideration.

### **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/index.cfm](http://www.tgslc.org/publicbenefit/index.cfm).

## **TG offers Web-based tool for borrowers seeking consolidation**

TG has added a new feature to its consolidation Web site, one that provides borrowers with more access and better control in their search for federal student loan consolidation services.

TG's site — [Consolidation Station<sup>SM</sup>](#) — offers borrowers a Web-based resource that describes the process for consolidating loans and answers common questions about interest rates, the advantages and effects of consolidating, and repayment amounts.

To this set of tools, TG has added a search feature, which makes it easier for borrowers to choose a lender and begin the consolidation process. Using the new feature, borrowers can locate lenders several different ways. They can view and then choose from a readymade listing of lenders. They can search for a lender by entering a name, lender ID, or location. Or they can search a database of loan information, retrieve a listing of their outstanding loans, and pick a lender from a provided list.

In some cases, the new search feature may provide a link to a lender's Web site, offering the borrower more information on the lender's consolidation interest rates, and terms and conditions. The tool may also provide borrowers with a link to begin the application process.

### **Making borrower choice count**

Consolidation Station and its new search feature serve as one more way that TG helps borrowers explore their loan options. The site, along with TG's call center teams and printed collateral, offer borrowers some comprehensive help as they embark on the consolidation process.

"Consolidation of student loans is a viable and desirable process for many borrowers," said Kim Alexander, TG's vice president for customer focus. "By enhancing our Consolidation Station Web site, we help borrowers interested in this

process easily find more specific consolidation detail so they can make an informed and wise consumer decision.”

### **To learn more**

To find out more about TG’s Consolidation Station and its new search feature, visit [www.consolidationstation.org](http://www.consolidationstation.org). For questions about the site, contact TG’s product support group at (800) 332-1455, or send an e-mail message to [product.support@tgslc.org](mailto:product.support@tgslc.org).

## **Join TG at this year’s TASFAA Fall Conference**

Next week’s fall conference for the Texas Association of Student Financial Aid Administrators (TASFAA) offers industry professionals a three-day program of trainings with a particular focus on some of the latest developments in the industry. Key sessions for this year’s event, which will be held in Galveston, Texas, from October 3 – 5, look closer at some best practices in creating lender lists. Others provide ways to promote financial literacy on campus or offer a fresh review of a borrower’s consolidation options.

TG will present five workshops, all designed to focus on topics important to administrators, including regulatory changes, default aversion strategies, and financial literacy. You can find out more about these training opportunities by reading the short synopses that follow. If you attend this year’s conference, be sure to join your TG colleagues at these sessions, each of which has been crafted to spur lively dialogue on the given subject.

### **A TG planner for the TASFAA conference**

TG’s presenters have put together a well-rounded menu of trainings for TASFAA. Review the agenda before you attend this year’s conference. You can also print it out and take it with you as a reminder of the sessions TG will offer.

- **Trends in Financial Aid:** The financial aid industry is undergoing changes. The skill sets required to work in financial aid and the scope of job responsibilities are growing. Staffs are becoming more diverse; technology is reshaping the way things are done; and ethical issues are becoming even more of a priority for schools. This session will serve as a forum on what’s happening in the industry. Participants are also encouraged to share information on issues important to their offices.
- **Default Aversion 101:** Is time an issue in implementing a default aversion program for your campus? This session helps you save time by offering strategies and tools for launching an effective default aversion program. Presenters will offer an overview of effective counseling and the cohort default rate (CDR) and highlight some of the electronic products that TG offers to help schools track and manage default rates.

- **Policy Potpourri:** Are you a financial aid administrator who thinks you know your regulatory stuff? During this session, presenters ask the audience a series of challenging policy questions on a variety of current federal student aid topics in a game show format. Participants will enjoy the interactive nature of the presentation and leave with valuable, practical regulatory information.
- **Creative Connection — An introduction to networking etiquette:** Networking skills can help you gain an advantage in your professional life. This session defines networking, explores the etiquette of networking, and offers tips for developing your own professional network.
- **The Brewing Storm:** Students are bombarded by hundreds of advertising messages. This session investigates the influences of advertising and considers how students can avoid being enticed into debt. Student loans can sometimes be used to support an unnecessary lifestyle. Discussion will focus on ways of raising levels of financial literacy among your students so that they manage their money better and limit their spending.

### 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](http://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 schedule a program, contact your TG account executive at (800) 892-1357, or send an e-mail message to [relationship.management@tgslc.org](mailto:relationship.management@tgslc.org).

## Trends and issues

### Sticky situations: Know your limits

Have you ever been bewildered while trying to decipher a student's loan history information, or felt frustrated in awarding Stafford loans for your students who can't seem to decide if they want to be undergraduate or graduate students? This article — the latest installment in our series on difficult policy situations that come up occasionally in the Title IV programs — will address some common issues that arise with aggregate loan limits. For previous "Sticky Situations" articles, see *Shoptalk Online* editions [384](#), [390](#), [394](#), [402](#), [409](#), and [418](#).

### Back to basics

Before we examine some of the most common Stafford aggregate loan limit situations, keep in mind that the maximum amounts a student may borrow under the Federal Stafford Loan Program, including all subsidized and unsubsidized amounts, are as follows:

- \$23,000 for a dependent undergraduate student,

- \$46,000 for an independent undergraduate student, or a dependent undergraduate student whose parent does not qualify for PLUS loans. No more than \$23,000 of this aggregate amount may be in subsidized Stafford loan funds.
- \$138,500 for a graduate or professional student, including loans borrowed as an undergraduate. No more than \$65,500 of this aggregate amount may be in subsidized Stafford loan funds.

For a Consolidation loan, the underlying amounts of Stafford loan principal that were paid off by the Consolidation loan are counted towards the aggregate Stafford Loan limits. The National Student Loan Data System (NSLDS) now provides an estimate of the subsidized, unsubsidized, and unallocated amounts included in a Consolidation Loan (see *NSLDS Newsletter 11* at [www.ifap.ed.gov/nsldsmaterials/NSLDSNewsletter11.html](http://www.ifap.ed.gov/nsldsmaterials/NSLDSNewsletter11.html) for help in evaluating unallocated amounts).

Remember, too, that you should not include accrued interest and other charges that have been added to the original loan amounts. Use the aggregate outstanding principal balance (Agg OPB) amount shown in NSLDS to determine a student's remaining loan eligibility.

Finally, keep in mind that although the Higher Education Reconciliation Act (HERA) of 2005 provided for increases in Stafford annual loan limits for various grade levels, it did not authorize corresponding increases in aggregate limits.

**A student transfers from a graduate program into an undergraduate program. How does the school evaluate the student's remaining aggregate loan eligibility?**

Page 3-96 of the 2007-08 *Federal Student Aid Handbook* (FSA Handbook) states:

"In some cases, a student may qualify for higher loan limits, but then lose the eligibility for the higher limits. This situation could occur because ... a student with a graduate degree entered an undergraduate degree program. In these cases, you only count the loan amounts that the student would have received under his/her current eligibility as an undergraduate or dependent student against the applicable undergraduate aggregate loan limit."

Later, on page 3-101, a chart provides an example of a student who enrolled in "a first undergraduate program and a graduate program ... [and] The student has now enrolled in a second undergraduate program." The text that follows says that "Only the loans received for the first undergraduate program are counted toward the student's undergraduate aggregate loan limit."

Clearly, the school should count only the amounts borrowed as an undergraduate toward the undergraduate aggregate limit. If a student borrowed Stafford loan amounts as a graduate/professional student, they are not counted toward the undergraduate limit.

**A student received increased unsubsidized Stafford loans funds as a health profession student. She has now transferred into a non-health profession program. Do the loans she borrowed as a health professions student count toward her aggregate limit?**

To replace loan funds that otherwise would have been available under the HEAL (Health Education Assistance Loan) Program, which was phased out beginning in 1995, certain health profession students may borrow increased unsubsidized Stafford loan amounts.

The combined subsidized/unsubsidized aggregate loan limit for graduate and professional health profession students who are eligible to receive the increased unsubsidized amounts is \$189,125, versus \$138,500 for other graduate/professional students. Not more than \$65,500 of this amount may be in subsidized loans.

Regarding how the increased loan amounts impact a student's aggregate loan limit in the event the student transfers to a non-health profession program, the 2007-08 FSA Handbook says on page 3-103 that:

"If a student receives the additional Stafford loan amounts on the basis of study in a health profession program, but then leaves that program and enters a program in a different field, the student is no longer eligible for the increased Stafford loan limits. However, the additional loan amounts received on the basis of health professions study are not counted toward the normal aggregate Stafford loan limit for that student."

So the student's prior loans borrowed as a health profession student should be excluded from her aggregate limit, similar to the example above of a graduate student who transfers to an undergraduate program.

**An undergraduate student in her final semester decides to enroll in some graduate coursework. Is she allowed to borrow Stafford loans as a graduate student?**

The student is still subject to undergraduate annual and aggregate limits. The FSA Handbook states on page 3-90:

"A student in an undergraduate program is not eligible for graduate loan limits based on taking graduate coursework as a part of the undergraduate program."

But the converse is not true:

"In contrast, a graduate student who is taking some undergraduate coursework is eligible for the graduate loan limits if the student is enrolled at least half-time in courses (either graduate or undergraduate) that can be applied to the graduate program requirements. However, the student must already be admitted into the graduate program — a student with a bachelor's degree who is taking preparatory work for graduate school (or whose full admission to the graduate program is

contingent upon completion of certain undergraduate courses) is not eligible for graduate loan limits.”

**A dependent undergraduate student borrows additional unsubsidized Stafford loan funds because his or her parent is ineligible to borrow a PLUS loan. How does this affect the student’s aggregate loan limit?**

The amount the student borrows due to the PLUS denial(s) is excluded for purposes of the student’s dependent Stafford aggregate limit. The FSA Handbook provides an example of this situation on page 3-96:

“[I]f a dependent student was treated as an independent student for loan limit purposes and received additional unsubsidized Stafford amounts for the first 3 years at your school because a parent was denied a PLUS loan for each of those years, but a parent was eligible to borrow PLUS for the student’s fourth year, the student would be eligible for the following Stafford amounts:

1st year (independent student loan limit) = \$7,500

2nd year (independent student loan limit) = \$8,500

3rd year (independent student loan limit) = \$10,500

4th year (dependent student loan limit) = \$5,500

The additional unsubsidized Stafford Loan amount of \$13,000 that the student received in the first three years of the undergraduate program is not counted against the \$23,000 dependent undergraduate aggregate loan limit. Excluding the additional unsubsidized amount, the student received only \$13,500 for the first three years. The student may therefore receive the entire 4th year maximum loan amount, even though the student’s total outstanding Stafford Loan amount is \$32,000.”

**TG’s role**

When a school certifies a loan that appears to put a borrower over his or her Stafford aggregate loan limit, the TG guarantee system has an edit that will reject the loan certification. In this situation, TG’s loan guarantee operations (LGO) team retrieves the student’s NSLDS data and reviews the complete loan history. After the required verification, LGO will either guarantee the loan in full, guarantee it at a reduced amount, or deny the guarantee. If the loan is guaranteed at other than the full amount requested, LGO will notify the school.

**Note:** If TG is not the guarantor of all of the borrower’s prior loans, those loans will not be on the TG system, and TG’s edits will not flag the system for an aggregate review.

## More information

If you have a question about Stafford aggregate loan limits, call TG customer assistance at (800) 845-6267, or send an e-mail message to [cust.assist@tgsic.org](mailto:cust.assist@tgsic.org).

## Question of the week

**Q.: Could a Grad PLUS loan borrower consolidate his or her Grad PLUS loans while in school?**

**A.:** The short answer is yes. The long answer follows.

First, let's establish that a borrower must be in the grace period or have entered repayment on each loan chosen for consolidation. This is per the federal regulations in 34 CFR 682.201(c)(1)(i)(A)(1) and (2).

One of the amendments precipitated by the Higher Education Reconciliation Act (HERA) of 2005 signed last year was the elimination of "in-school consolidation." However, this was specific to Stafford loans. What the HERA actually did was to eliminate in the Higher Education Act the provision that allowed a borrower to request to enter repayment early on his or her Stafford loan(s) [Section 428(b)(7)(A)]. Thus, since a Stafford loan borrower can no longer opt to enter repayment early, the borrower must wait until his or her grace period begins (i.e., after the borrower is no longer "in school") to consolidate that loan(s).

This is not the case for the Grad PLUS loan borrower, since such a borrower has no grace period and enters repayment upon final disbursement of the loan (i.e., while the borrower is still in school). Since the borrower is in repayment (albeit in an in-school deferred status) while in school, the borrower can consolidate his or her Grad PLUS loan(s) while in school. This is per the final rules published in the November 1, 2006, Federal Register.

However, note that it is not always in the borrower's best interest to consolidate his or her Grad PLUS loans, particularly while the borrower is in school and may need to borrow additional loans in the future. The borrower may be better off waiting until completion of his or her degree in order to consider consolidation. Then, if the borrower chooses to consolidate, the borrower would have the ability to consolidate all of his or her eligible Grad PLUS and Stafford loans at that time.

Encourage your borrowers who are contemplating consolidation to call TG's customer assistance team at (800) 845-6267 to review specific information about their loans and determine whether consolidation is a good option for them.

## 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**

Recently, U.S. Secretary of Education Margaret Spellings honored President Lyndon Baines Johnson in a ceremony officially renaming the U.S. Department of Education building at 400 Maryland Avenue, S.W. in Washington, D.C., as the Lyndon Baines Johnson Department of Education Building.

U.S. Rep. Gene Green of Texas and U.S. Sen. Kay Bailey Hutchison of Texas sponsored a bill to rename the building. President Bush signed the legislation in March 2007 authorizing the building name change. The dedication ceremony honored Lyndon Baines Johnson as a true champion of education and a strong advocate for students of all ages.

This "teacher who became president" served his country as a Lt. Commander in the U.S. Navy during World War II, as a member of both houses of Congress, as Vice President of the United States, and as the 36th President of the United States.

In 1965, President Johnson signed the Elementary and Secondary Education Act (P.L. 89-10) at the former Junction Elementary School in Stonewall, Texas, where he first attended school. Later that year, he also signed the Higher Education Act (P.L. 89-329), which was the first program approved by the U.S. Congress for scholarships to undergraduate students.

Read the Department of Education announcement on the event at [www.ed.gov/news/pressreleases/2007/09/09172007.html](http://www.ed.gov/news/pressreleases/2007/09/09172007.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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