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

The spring conference season is in full swing. Stay abreast of the latest conference events and learn more about TG's various trainings by reviewing TG's *Events Calendar* at [www.tgslc.org/abouttg/calendar.cfm](http://www.tgslc.org/abouttg/calendar.cfm).

## Federal updates

### Taking a closer look at the final rules: Entrance counseling for Grad PLUS borrowers

All of the new regulatory information and requirements swirling around may have you feeling a bit overwhelmed and wondering how you are going to actually carry out many of the new responsibilities. In today's *Shoptalk Online* we are going to launch a new series of articles focusing on some of the more troublesome areas of the new final rules. We will begin by addressing one of the new requirements that has prompted sighs of both relief and consternation: entrance counseling for Grad PLUS borrowers. Not to worry, by the time you finish reading this article, you

should have a much better understanding in this area. Please note, all of these changes are effective for entrance counseling provided on or after July 1, 2008, but can be implemented earlier.

## **Entrance Counseling**

Let's first examine the entrance counseling requirements. The new regulations specify that entrance counseling must be conducted with each Grad PLUS loan borrower before the release of the first disbursement, unless the borrower has received a prior PLUS loan.

Many of the basic entrance counseling requirements mirror those found in the Stafford entrance counseling requirements. For example, the school must still conduct the counseling session either in person or by electronic means and ensure that an individual with expertise with the Title IV programs is reasonably available shortly after the counseling to answer questions. For borrowers enrolled in a correspondence program or a study-abroad program that the home institution approves for credit, the counseling may be provided through written materials. The school must maintain documentation regarding their compliance with entrance counseling requirements.

### **For all Grad PLUS borrowers**

Schools must inform the borrower of sample monthly repayment amounts based on:

- A range of debt levels, or
- Average indebtedness of Grad PLUS borrowers at the school or in a specific program of study, or
- Average indebtedness of borrowers who have both Stafford and Grad PLUS loans at the school or in a specific program.

There is a corresponding change in the Stafford loan entrance counseling requirements: If the Stafford loan borrower also has Grad PLUS loans, the sample repayment amount — if based on average indebtedness — must include both Stafford and Grad PLUS indebtedness.

Since some additional counseling requirements for Grad PLUS borrowers vary depending on whether the borrower has previously received a Stafford or Direct subsidized or unsubsidized loan, you must know the previous loan history of the borrower.

### **Grad PLUS borrowers who have not received a prior FFELP or Direct Stafford loan**

The school must provide the entrance counseling information required of first time Stafford loan borrowers. Let's review those components.

- Explain the use of a Master Promissory Note (MPN)

- Emphasize the importance of repayment
- Describe the likely consequences of default, including:
  - Adverse credit reports
  - Federal offset
  - Litigation
- Stress that the student borrower is obligated to repay the full loan even if he or she:
  - Doesn't finish the program;
  - Can't get a job after graduating; and
  - Is dissatisfied with or does not receive the educational or other services purchased from the school.

While the information above encompasses the required entrance counseling components, the *Federal Student Aid Handbook* (FSA Handbook) offers additional points that could be covered during entrance counseling.

### **Grad PLUS borrowers who have received a prior FFELP or Direct Stafford loan**

Since these borrowers have already received the above information during Stafford loan entrance counseling, their requirements are different.

The school must notify the Grad PLUS borrower of the maximum Stafford loan amount that he or she is eligible to receive and provide the borrower with a comparison of:

- Maximum interest rate for both a Stafford and a PLUS loan,
- Periods when interest accrues on both a Stafford and PLUS loan, and
- Points at which both a Stafford and a PLUS loan enter repayment.

**Note:** This information may be incorporated into the financial aid award letter process, as long as it occurs prior to loan certification. The school must also give the Grad PLUS borrower the opportunity to request the maximum Stafford loan amount for which he or she is eligible.

The new regulations do not prohibit schools from exceeding the minimum entrance counseling requirements. A school may choose to provide comprehensive entrance counseling to all Grad PLUS borrowers if it is more cost effective than providing the limited counseling requirements required by the regulations.

## Exit Counseling

Exit counseling is still required only for borrowers with Stafford loans. However, for borrowers with both Stafford and Grad PLUS loans, the school must provide some additional information, as noted below.

As a reminder, exit counseling must include information about:

- The same topics outlined in entrance counseling
- Average anticipated monthly repayment amount based on the:
  - specific borrower's indebtedness, or
  - the average indebtedness of Stafford borrowers at your school, or in the same program at your school.

**Note:** If a Stafford borrower also has Grad PLUS loans, the anticipated monthly repayment amount — if based on average indebtedness — must include both Stafford and Grad PLUS indebtedness.

- Various repayment options
- Debt management strategies
- Conditions for forbearance, deferment and cancellation
- Availability of the:
  - Loan information on the National Student Loan Data System (NSLDS)
  - FSA Ombudsman's office

During exit counseling, the school must collect and update certain personal and contact information from the borrower. Additionally, the school must maintain documentation supporting the school's compliance with the exit counseling requirements.

## More information

To read more about entrance and exit counseling requirements a school must follow, please see the 2007-08 FSA Handbook, pages 2-76 through 2-81, and 34 CFR 682.604(2).

## 2008 poverty guidelines released

The Department of Health and Human Services (HHS) has updated the United States federal poverty guidelines in the *Federal Register* dated January 23, 2008, as outlined in the chart below.

The poverty guideline is one qualifier that may be used in determining a borrower's eligibility for an economic hardship deferment.

The Economic Hardship Deferment Request form (HRD) is currently being revised to incorporate changes due to the College Cost Reduction and Access Act as well as the 2008 poverty guideline figures. In the interim, lenders must use the new poverty guideline figures when determining eligibility on or after January 23, 2008.

***Revised Chart for Section 7 of the Draft HRD form  
Based on 2008 poverty lines***

Borrower's Family Size	These monthly figures represent 150% of the Poverty Line		
	48 Contiguous States and District of Columbia	Alaska	Hawaii
1	\$1,300.00	\$1,625.00	\$1,495.00
2	1,750.00	2,187.50	2,012.50
3	2,200.00	2,750.00	2,530.00
4	2,650.00	3,312.50	3,047.50
For each additional person add	450.00	562.50	517.50

**More information and questions**

For more information about the updated poverty guidelines, visit the HHS web site at <http://aspe.hhs.gov/poverty/08poverty.shtml>.

**TG updates**

**Dena Dobson joins TG as regional account executive for Illinois**



TG recently brought on board Dena Dobson as a regional account executive for Illinois.

Dena spent the past three years as director of financial aid at MacMurray College in Jacksonville, Ill., where she was instrumental in restructuring the financial aid office and significantly reducing the college's cohort default rate.

She previously worked five years for the State of Illinois Department of Human Services. Dena earned a bachelor's degree from Southern Illinois University – Edwardsville. She is also a member of the Illinois Association of Student Financial Aid Administrators (ILASFAA).

"Dena's experience in the student financial aid industry and her knowledge of Illinois make her an ideal addition to our expanding presence in the state," said

Kevin Struckhoff, TG's assistant vice president for relationship management and consulting. "She has strong relationships that will serve her well in this new position."

### **To learn more**

Dena can be reached at (800) 252-9743, ext. 6741 or by e-mail at [dena.dobson@tgslc.org](mailto:dena.dobson@tgslc.org).

## **TG and St. Edward's University announce workshop on promoting student academic success**

TG is pleased to announce that St. Edward's University will host the Educational Policy Institute's (EPI) Student Success Workshop in Austin, Texas, on Tuesday, February 12, from 9 a.m. to 3:30 p.m.

The one-day workshop will focus on the following topics:

- Why students leave college
- The cost-benefit factor of student success
- Defining an institutional initiative
- Best practices in increasing student retention and success
- Moving institutions — strategies for campus change

### **About the speaker**

Dr. Watson Scott Swail, who will lead the workshop, is a highly sought-after speaker and consultant, the president of EPI, and an international expert in student retention. Dr. Swail has conducted dozens of workshops and assisted over 200 institutions in dealing with student retention.

In this workshop, Dr. Swail will introduce his framework for student retention as published in the Jossey-Bass publication, *Minority Student Retention in Higher Education*. Institutions from around the world have used this framework. He has coordinated annual workshops called "Retention 101" and has worked with TG and others to broaden the discussion about retention.

### **To register**

Registration for the Student Success Workshop is \$295 and includes lunch and coffee breaks. Participants will receive session materials to share with their institution. Visit the [Education Policy Institute's Web site](#) to register. You can also call (757) 430-2200, or e-mail [info@educationalpolicy.org](mailto:info@educationalpolicy.org). Spaces are limited to maximize the interaction.

## **TG hosts webinar on using technology to reach first-generation families**

First-generation students often don't have someone who can provide advice on the ins and outs of preparing for college. At the same time, financial aid professionals aren't always sure how best to communicate with this growing segment of students.

EduGuide: Partnership for Learning, a nonprofit based in Lansing, Mich., believes that technology can provide some answers. The nonprofit conducts research on just how best to use the latest Web-based technologies to connect first-generation students with financial aid information and resources. TG supports this work with a grant from its Public Benefit Grant Program for the 2007-08 academic year. On Wednesday, January 16, TG hosted a webinar conducted by EduGuide's founder, Bryan Taylor, during which he shared some of the findings of the organization's research.

### **The online connection**

EduGuide's research focuses on "the issue of how do we engage families in meaningful ways to help them get on to a path to success," according to Bryan. In order to do this, financial aid professionals must understand how first-generation families differ from, yet are similar to, non-first-generation families.

Research shows that nine out of ten parents — across demographic groups — want their kids to go to college, though only half of all families have a child who graduates from college. While the percentage of first-generation families sending students to college is lower than average, the desire to achieve this goal is certainly there.

Conventional wisdom holds that first-generation families are not as "connected," said Bryan. They are less likely to have broadband Internet access at home and less likely to have cell phones and the latest tech gadgets. According to the research conducted by EduGuide, the situation is in fact more complicated than that.

"Online connectedness is driven by education, not race," Bryan says. Furthermore, lack of connectedness in one part of the family may be offset by other family members: "Teens often bridge the divide for first-generation parents. They're more likely to find other ways to connect if they don't have them at home."

Finally, while most college access professionals assume that less than 40 percent of first-generation parents are connected, the real number is closer to 80 percent.

### **Communication strategies for the electronic age**

So what strategies should financial aid officers employ based on this research? First, schools should get into the digital communication world if they haven't already. "Grow e-mail address and mobile phone contact lists if you haven't already. Set up MySpace and Facebook accounts. Send text messages," said Bryan.

Next, don't be afraid to employ the latest communication strategies. Some methods to consider include:

- Podcasting, which allows students to subscribe to prerecorded messages that they can download to their iPods;
- Textcasting, in which students receive text messages reminding them of important test dates and financial aid deadlines; and
- Phonecasting, which involves automatic phone calls similar to those used in political campaigns.

All of these services allow students to sign up to receive information in new ways — and most importantly, in the ways they feel most comfortable with.

Finally, financial aid offices should not feel compelled to employ all of these strategies at once. Try the strategy first that seems to suit your resources and student population. If that works — or if it doesn't — try another tack and see if you can reach new groups of students.

"It's not an all-or-nothing situation," says Bryan. Instead, the important thing is to get out into the digital world and start bridging the gap with first-generation families.

### **About TG's Public Benefit Award Program**

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

## **Tech Report**

### **TG adds loan fee information to disbursement screens in Real Time Access**

In December 2007, TG's Board of Directors voted to continue to subsidize the 1 percent federal default fee for Federal Stafford and PLUS loans for student and parent borrowers for the 2008-09 award year. Recently, TG added this fee information to certain disbursement screens in Real Time Access (RTA), its application and loan processing system that provides school and lender customers access in real time to their loan information with TG.

These changes will provide a more complete and accurate picture of costs and fees associated with loan disbursements, all accessible whenever the school or lender needs it. The modified screens became available on Monday, January 28.

### Enhanced screens and new fields

As part of this change, the following screens in RTA have been modified:

- Disbursement Inquiry
- Disbursement Change
- Disbursement Approval

Below is an example of the new Disbursement Inquiry screen. Please take note that the disbursements will be listed in columns instead of rows as previously displayed.

**Disbursement Inquiry**

Loan Number ID:  Suffix:

Name: ANOTHERASSIGN, TSTE  
 Guarantee Amount: \$ 2000.00      Guarantee Date: 11/09/07  
 Loan Status: SA      Funding Date: 01/23/2008

Disbursement Information				
Disbursement	1	2	Total	Percent
Status	Paid			
Hold/Rise	Release	Release		
EFT		Expired		
DDBI				
Scheduled Date	11/15/07	01/15/08		
Scheduled Amount	\$ 1000.00	\$ 1000.00	\$ 2000.00	
Actual Date	01/22/08			
Actual Amount	\$ 1000.00			
Total FDF Due	\$ 10.00	\$ 10.00	\$ 20.00	1.00 %
FDF Paid by Lender				0.00
FDF Paid by TG	\$ 10.00	\$ 10.00	\$ 20.00	1.00 %
FDF Paid by Borrower				0.00
Total O Fee Due	\$ 15.00	\$ 15.00	\$ 30.00	1.50 %
O Fee Paid by Lender	\$ 15.00	\$ 15.00	\$ 30.00	1.50 %
O Fee Paid by Borrower				0.00
Net Disbursement Amounts	\$ 1000.00	\$ 1000.00	\$ 2000.00	

  

FDF Balance Information			
Disbursement	1	2	Refund Date:
School Refund Amount			
Invoice Amount			
Invoice Date			
Payment Amount			
FDF Payment Date			
FDF Balance Amount			
Last Activity Date	01/22/08	11/08/07	
Activity Reason	POSD	GUAR	

TG has also added the following fields under the new Total FDF Due and Total O Fee Due sections. The FDF Balance Information section provides information for TG and the lender regarding invoicing and payment of the federal default fee by the lender (for future use).

- FDF Paid by Lender
- FDF Paid by TG

- FDF Paid by Borrower
- Total O Fee Due\*
- O Fees Paid by Lender\*
- O Fees Paid by Borrower\*
- Net Disbursement

\*O Fee is the origination fee amount

### **About TG's the subsidy**

TG's continuing subsidy of the 1 percent federal default fee will result in savings for more than 500,000 borrowers whose loans are guaranteed by TG between July 1, 2008 and June 30, 2009, regardless of which postsecondary school a student attends or of the financial institution issuing the loan.

### **Questions?**

To learn more, contact TG's product support team at (800) 332-1455 or send an e-mail message to [product.support@tgsic.org](mailto:product.support@tgsic.org).

## **Trends and issues**

### **Question of the week**

**Q.: What do a Dear Colleague Letter's (DCL) numbers and letters mean?**

**A.:** Each DCL has a specific identifying number, which is made up of three components: the type of the letter, the year, and the sequence. Take, for example, DCL GEN-07-01, which was a summary from the Department of Education (ED) regarding a FFELP loan borrower's choice of lender. In this case, "GEN" indicates that the letter is intended for general distribution. The "07" notes the year in which the letter was published, 2007. The final number — "01" — marks where in the sequence of letters, this letter was published. DCL GEN-07-01 was the first DCL of this type published in 2007. DCL GEN-07-02 was the second DCL of this type published in 2007, and so on.

Listed below are some common types of DCLs that ED publishes

- General Distribution (GEN)
- Training Announcements (ANN)
- Campus-based Programs (CB)
- Pell Grant Program (P)

- Financial Partners (FP) — prior to publication year 2004, FP DCLs were classified as Lender (L) and Guarantor (G)

Recent and archived DCLs are available on the [Information for Financial Aid Professionals](#) (IFAP) Web site.

### 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

Are helicopter parents — those mothers and fathers who can't let go and stay involved in every aspect of their children's lives at college — just a myth? According to an annual survey of college freshmen recently released by the Higher Education Research Institute at the University of California at Los Angeles, a large majority of freshmen at four-year institutions think that their parents are involved as much as they should be.

At the same time, the survey found some key differences among students in different racial and ethnic groups in attitudes about parental involvement. Generally, white students are the least likely to want more parental involvement, while Latino students are most likely to want more. The UCLA survey, the largest of its kind, is generally considered the best indicator of attitudes of freshmen as they arrive on campuses.

Find out more about this year's survey by reading the complete article on *Inside Higher Ed* at [www.insidehighered.com/news/2008/01/24/frosh](http://www.insidehighered.com/news/2008/01/24/frosh).



P.O. Box 83100  
Round Rock, TX 78683-3100  
(800) 252-9743  
(512) 219-5700  
(512) 219-4560 TDD

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To ask questions about *Shoptalk Online*, please contact Communications at (800) 252-9743, ext. 4732, or send an e-mail message to [communications@tgslc.org](mailto:communications@tgslc.org).

**Contributors to this edition:** Rob Davenport, Sarah Faszholz, Cindy Marrs, Art Martinez, and Cindy Savage. Edited by TG Communications and Policy and Regulatory Affairs. Designed by TG Communications.

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