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Tip^{of} the Week

TG's *Adventures In Education* offers college students an assortment of financial literacy information, including a listing of helpful Internet resources on managing money. You can refer students to it at www.aie.org/Links/Money/index.cfm.

Federal updates

In Washington this week: Pigs fly

For the last five years we've been watching and waiting for Congress to reauthorize the Higher Education Act (HEA). On Thursday, July 31, Congress approved H.R. 4137, the Higher Education Opportunity Act, by an overwhelming majority, reauthorizing and extending the HEA for another five years. The bill has been forwarded to the president for his signature; unless otherwise noted, all changes are effective upon the date of enactment.

The changes included in H.R. 4137 are far-reaching. While much of the legislation addresses issues in the federal student aid programs, it also encompasses topics

ranging from illegal file sharing to state higher education funding to textbook costs. This week we will provide a high-level overview of the various provisions in the reauthorization bill. As TG and the industry engage in close analysis of the bill, *Shoptalk Online* will present more detailed discussions of the various topics in the coming weeks.

The provisions in H.R. 4137 may be loosely categorized according to the groups they will most heavily impact, as follows.

Borrowers

- Increases the maximum Pell grant award to \$8,000 by academic year 2014-15 (subject to annual appropriations).
- Effective July 1, 2009, permits year-round Pell grants.
- Limits a student who receives his or her first Pell grant on or after July 1, 2008, to a maximum of 18 semesters of eligibility.
- Allows an interest rate reduction on a FFELP loan first disbursed on or after July 1, 2008, for borrowers who qualify under the Servicemembers Civil Relief Act; prevents interest from accruing on Direct Loans first disbursed on or after October 1, 2008, for up to 60 months, for certain eligible military borrowers. This benefit will also be available to eligible FFELP borrowers who obtain a Direct Consolidation loan used to repay a FFELP loan first disbursed on or after October 1, 2008.
- Restricts loan rehabilitation to a one-time benefit per loan (currently this is an unlimited benefit).
- Revises the timeframe and eligibility requirements for discharge of a loan due to total and permanent disability, effective July 1, 2010.
- Subject to appropriations, and on a "first-come, first-served basis," provides loan forgiveness of \$2,000 per year to FFELP and Direct Loan borrowers serving in areas of national need, up to a maximum of \$10,000. Borrowers must be employed full time and must not be in default. PLUS loans and certain Consolidation loans will not qualify for this program. This program will become effective in FY 2009.

Schools

- Revises the 90/10 rule, which currently states that a proprietary institution must have not less than 10 percent of its revenue from sources other than Title IV funds.
- Revises the required content of Stafford and Perkins loan counseling.
- Increases the annual and aggregate loan limits in the Perkins Loan Program.

- Establishes preferred lender list requirements that closely mirror those found in the November 1, 2007, final rules.
- Requires schools to “establish, follow, and enforce” a code of conduct regarding student loans.
- Removes veterans’ education benefits from the definition of estimated financial assistance, effective July 1, 2010.

Lenders

- Establishes prohibited inducement rules that closely mirror those found in the November 1, 2007, final rules.
- Reinstates a lender’s or servicer’s ability (removed in the November 1, 2007, final rules) to provide loan entrance and exit counseling on behalf of a school, as long as the school's staff are in control of the counseling (whether in person or via electronic capabilities), and the counseling does not promote the products or services of any specific lender.
- Introduces a multitude of new FFELP borrower disclosure requirements to be provided at various points throughout the life of the loan.

Guarantors

- Reinstates a guarantor’s ability (removed in the November 1, 2007, final rules) to provide loan entrance and exit counseling on behalf of a school, as long as the school's staff are in control of the counseling (whether in person or via electronic capabilities), and the counseling does not promote the products or services of any specific lender.
- Establishes prohibited inducement rules that closely mirror those found in the November 1, 2007, final rules.
- Requires guarantors to provide training to students and families in budgeting and financial management, including debt management and other aspects of financial literacy.

New Title X addresses private loans

H.R. 4137 adds a new section to the HEA, Title X, which addresses private education loans and the Truth in Lending Act. Title X defines a private education loan as a loan made by a private education lender for postsecondary expenses, regardless of whether the loan is released directly to the borrower or through the school. Private education loans do not include Title IV loans, open-end consumer credit plans, and loans secured by real property. It also establishes prohibited inducement rules, conflict of interest rules, a prohibition on early repayment penalties, borrower disclosure requirements, the requirement that a borrower complete a “self-certification,” and a mandatory three-day cancellation period.

In the meantime

Since the previous extension of the HEA expired on July 31, Congress passed and the president signed a two-week extension of the HEA (S. 3352) through August 15, to allow time for H.R. 4137 to be passed and signed into law.

For more information

To access the text of H.R. 4137, go to Thomas, the U.S. Congress Web site, at <http://thomas.loc.gov>. In the space for "Search Bill Text," enter "H.R. 4137," click on "Bill Number," and click "Search." Choose the final document in the list, the "Higher Education Opportunity Act (Enrolled as Agreed to or Passed by Both House and Senate)."

For questions, contact TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgslc.org.

ED provides instructions for submitting loan purchase program documents

On August 1, ED released two Electronic Announcements (E-ANN) providing additional instructions for submitting documents for the loan participation purchase program authorized by the Ensuring Continued Access to Student Loans Act of 2008 (ECASLA).

E-ANN #10 outlines the procedures a lender or loan holder must follow in submitting the initial documents to execute a Master Participation Agreement under the loan participation purchase program.

E-ANN #12 includes several additional documents, including:

- The Funding Request Submission Instructions, including information on the Class A and Class B Participation Certificates, the Participation Purchase Request, and the Security Release Certificate;
- The Loan Schedule and Custodial Certification Data File Fields: Definitions and Submission Procedures; and
- The Loan Schedule and Custodial Certification file layout.

Upcoming webinar

ED will provide additional operational details of the loan participation purchase program in an upcoming webinar on Friday, August 8, from 1 p.m. to 3 p.m. CDT.

For more information

Both announcements are posted in the "News and announcements" section at <http://federalstudentaid.ed.gov/ffelp/>.

2009-10 Draft FAFSA out for review and comments

On August 1, ED released a draft version of the 2009-10 Free Application for Federal Student Aid (FAFSA) for community review and comments. ED has also posted a summary of the proposed changes and instructions for submitting comments.

For more information

The announcement, draft FAFSA, and summary of changes are available on the Information for Financial Aid Professionals (IFAP) Web site at <http://ifap.ed.gov/fafsa/0801SummaryChanges0910FAFSA.html>.

Closed school corner

The following table provides a list of newly reported school closures and error corrections from the Postsecondary Educational Participants System (PEPS) and from the July 2008 *Closed School Monthly Report* supplied by the Department of Education.

Newly reported closures

OPE School ID	School Name and Address	Unofficial Closure Date	ED's Official Closure Date
00758605	Remington College-Jacksonville Campus 7011 A C Skinner Pkwy., Ste. 140 Jacksonville, FL 32256-6932	N/A	07/10/08

TG updates

Order your 2008-09 *TG Academic Year Planner*

Meetings, deadlines, appointments, events, plans, to do lists, agenda items, notes, numbers. In today's work environment, time is a precious resource, and using it to the fullest is a challenging but essential task. To help, TG has created an easy-to-use daily planner you can order now.



Intended for schools, the 13-month 2008-09 *TG Academic Year Planner* includes a variety of useful features. A calendar with all holidays for each month is followed by notes pages for each week, where you can keep track of important events, meetings, and reminders. An address book is also included for contacts.

Each month also features a concise default prevention or financial literacy tip. These tips range in subject from planning a default management campaign to sending out reminders to students ending their grace period.

Along with these many practical elements, the planner offers inspirational quotes and imagery. Each month features a quote by significant historical figures, writers, and thinkers, such as Winston Churchill, Dr. Martin Luther King, Jr., and Margaret Mead, as well as beautiful landscape photography to help accentuate the season.

To order the 2008-09 *TG Academic Year Planner*

You can order the 2008-09 *TG Academic Year Planner* by visiting *TG Online* at www.tgslc.org/order/index.cfm.

Offer students the financial literacy basics with TG's online resources



Even before they come to campus, your students are bombarded with credit card offers. Once at college, they face other temptations now that they're living on their own, perhaps for the first time, handling a large volume of cash in the form of a financial aid check.

With TG's help, you can prepare your students to manage their money and safeguard themselves against unnecessary expenditures. TG offers a variety of financial literacy tools designed to help you teach students the basics of money management, including videos and a set of online interactive resources illustrating the consequences of poor credit card use.

Here's a look at a few of these tools.

Statement reader: Credit card statements are filled with terms, numbers, and percentages that play a role in the calculation of a credit card balance. TG offers an interactive tool for understanding these terms and calculations — available through the *Adventures In Education* (AIE™) Web site at www.aie.org/College/Paying/Earning/Credit/interactivecreditstatement.cfm — which displays an example credit card statement. Users just move their mouse over each part of the statement to read pop-up text that concisely defines a term or explains a calculation.

Purchase simulator: TG's Credit Card Skills Builder, also available through AIE at www.aie.org/College/Paying/Earning/Credit/index.cfm, demonstrates the cost of credit cards after finance and interest charges are added. The tool guides users through a simulated credit card spending spree and then calculates a virtual credit card bill summarizing purchases, available credit, and amount owed.

Short credit card video: TG's short video — *Pizza Cravings and Credit Cards* — targeted to high school and college students follows a student as she encounters an on-campus credit card marketer, contemplates a credit card offer in the mail, and receives an "intervention" of sorts on using credit cards. Available for online viewing at www.aie.org/College/Paying/Earning/Credit/index.cfm, the video teaches some basic card management skills simply and in an entertaining way.

Financial literacy program overview video: TG offers Positive+Balance™ to help schools teach financial literacy skills to students. Positive+Balance consists of training sessions on a variety of financial literacy topics, including money management, budgeting and saving, credit cards and credit reports, and identity theft. A short online video at www.tgslc.org/positivebalance/index.cfm offers an overview of Positive+Balance. To learn about more about the program for your campus, contact your TG account executive at (800) 252-9743.

Find out for yourself

A listing of a variety of TG's online financial literacy tools can be found by visiting AIE at www.aie.org/financialliteracy/index.cfm.

Texas State Technical College Harlingen creates a learning community for students, thanks in part to a TG grant



Careers that require technical training are some of the fastest growing job fields in the country. According to the Bureau of Labor Statistics, the health services industry is hiring more workers each year than many other industries. Telecommunication and engineering experience are in high demand. And agriculture and manufacturing companies are always in need of workers who are skilled in product design and development.

The Texas State Technical College Harlingen (TSTC Harlingen), a 2-year college of the TSTC System, has designed a learning environment to support high school students interested in a technical profession. The program, called the Living and Learning Community, brings together high school students and TSTC Harlingen undergraduates who serve as mentors on technical topics.

The purpose of the program is three-fold: Encourage high school students, especially first-generation students at schools with low college-going rates, to consider technical fields and sharpen their technical skills; motivate TSTC mentors to persist in college as a result of their mentoring; and promote financial aid literacy to TSTC Harlingen students and high school students and their parents through a series of financial aid literacy workshops. TG supports the program with a grant from its Public Benefit Grant Program.

Math camp basics

According to program administrator Richard Kirk, school mentors develop the curriculum for the Living and Learning Community. "The TSTC school mentors guide students in hands-on projects that teach specific math and technical skills," said Kirk. "They also answer student questions about technology careers and educational requirements to complete degrees for entering technical professions."

The Living and Learning Community, which was offered to high school students in a recent summer institute held on the Harlingen campus, included a mathematics lab for students who performed below the Texas Higher Education Assessment (THEA) requirements for successful completion of the state's remedial math benchmark.

"Students were taken through a curriculum that allows them to build on basic math concepts," said Kirk. "The first week introduced students to fractions, percentages, decimals and word problems. The second week, students learned pre-algebraic equations and, in the third week, graphing." Throughout the program, students were given real-life problems to solve in order to learn critical thinking skills.

Mentors benefit from the program too, gaining experience in teaching students and serving as examples to prospective college students. The close relationship between student and mentor serves to reinforce a mentor's commitment to getting a degree and enrich his or her understanding of the learning process.

TSTC Harlingen has also designed a financial literacy workshop aimed at parents and students. The workshop teaches financial literacy skills and concepts through exercises and practical scenarios. Discussion focuses on the cost of a college education, personal budgets and spending plans, and resources for financing a college education, among other topics.

"We hope to continue the financial aid literacy component through e-mentoring, regular contact with project participants during the high school year, and periodic seminars for students and parents during the school year," said Kirk.

About TG's Public Benefit Grant Program

To receive funds, organizations are required to submit proposals that address the issue of access to, or retention in, postsecondary education for low- to moderate-income students.

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.

Trends and issues

Question of the week

Q.: Last week, ED announced that it would send new Institutional Student Information Record (ISIR) transactions that may incorrectly indicate that a student has or is about to exceed Stafford aggregate loan limits. Can we just ignore these?

A.: No, ED has stated that schools must "carefully investigate" each of these records even though some of them may contain incorrect information. These

records will generally result from one of three issues, and schools must review each record to determine the appropriate resolution.

Dependency status errors

Beginning in January, CPS incorrectly identified some independent students as dependent and, thus, erroneously flagged those students' ISIRs as having exceeded Stafford aggregate loan limits.

This issue was resolved on July 16, 2008, and ED states that it plans to send out new postscreening SAR/ISIR transactions with the NSLDS Postscreening Reason Code of 99 (Other).

Implementation of ECASLA loan limits at NSLDS

The Ensuring Continued Access to Student Loans Act of 2008 (ECASLA) increased certain Stafford annual and aggregate loan limits for undergraduate students. The ECASLA authorizes schools, effective for loans first disbursed on or after July 1, 2008, to award loans according to ECASLA loan limits; however, the aggregate loan limit warning edits in NSLDS are still set at pre-ECASLA levels.

As a result, NSLDS is flagging some students' ISIRs using incorrect Stafford aggregate loan limit warning edits. Thus, some students may be eligible for additional Stafford loan funds in spite of having flags on their files. To resolve these files, the school will have to review each flagged student's file to see if he or she is eligible for additional Stafford loan funds. What is the main litmus test for determining if the student is eligible for additional funds? As long as the student had not exceeded his or her applicable pre-ECASLA Stafford aggregate loan limit(s), it's probably safe to award additional Stafford loan funds (within the new annual and aggregate limits, of course) for the current academic year.

NSLDS is planning to implement the increased aggregate loan limit warning edits by mid-August 2008. This will help reduce the number of postscreening SAR/ISIR transactions.

Pre-ECASLA aggregate limits exceeded

As stated above, NSLDS may have incorrectly flagged some students' ISIRs as having exceeded Stafford aggregate loan limits. However, the flags may be correct on some students' files.

A student borrower who inadvertently exceeded his or her applicable pre-ECASLA Stafford aggregate loan limit — and, as a result, is not currently eligible for additional Title IV aid — does not automatically regain eligibility because ECASLA may have raised that limit.

Per private guidance TG received from Pam Moran of ED's Office of Postsecondary Education, "A borrower is subject to the annual and aggregate

loan limits that exist in the law at the time the borrower received the inadvertent overaward. Therefore, to regain eligibility, the borrower must take some action. That action, as the regulations provide in 34 CFR 668.35(d), is to repay the excess loan amount in full or to make satisfactory arrangements with the holder of the loan to repay the excess amount."

Since the student borrower must take action to resolve a situation in which he or she has inadvertently exceeded a Stafford annual or aggregate loan limit, the school cannot award additional Stafford loan funds (or any other Title IV aid) until the student borrower has regained Title IV eligibility.

See the *Common Manual*, Subsection 6.11.E (Exceeding Loan Limits) for more details on regaining Title IV eligibility after exceeding a Stafford annual or aggregate loan limit. The newly updated *Electronic Common Manual* is available for download on *TG Online* at www.tgslc.org/policy/integrated_online_manual.cfm.

You may review the entire July 23, 2008, electronic announcement on IFAP at <http://ifap.ed.gov/eannouncements/0723NSLDSPostscreening0809.html>.

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 Princeton Review recently released its *Best 368 Colleges*, ranking colleges and universities according to various topics, including a new "Green" category. A school's "Green Rating" measures how environmentally-friendly a school is, that is, whether the school's students have a campus quality of life that is healthy and sustainable; how well the school prepares its students for citizenship in a world defined by environmental challenges; and the school's overall commitment to environmental issues. The Princeton Review produces the list of best colleges on an annual basis from survey rankings gathered from thousands of students and parents.

Survey results show that interest is rising among students who wish to attend schools that practice, teach, and support environmentally responsible choices. Among 10,300 college applicants and parents of applicants surveyed, 63 percent said they would value having information about a college's commitment to the environment. About a quarter of respondents said such information would "strongly" or "very much" affect their decision — or their child's decision — to apply to or attend the school.

According to Rob Franek, vice president of Princeton Review and the annual book's author, many colleges and their student bodies are making a stronger commitment

to environmental issues, including following greener practices, using resources more effectively, and even creating academic and research programs on the topic.

You can read the complete press release on the book and the new "Green Rating" at www.princetonreview.com/green/press-release.aspx?uidbadge=%07.



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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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