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Tip^{of} the Week

TG's *Adventures In Education* offers an assortment of tools and information for planning and paying for college, including a list of money management Web sites geared for students. You can find the list at [Hwww.aie.org/Links/Money/index.cfmH](http://www.aie.org/Links/Money/index.cfmH).

Federal updates

Reauthorization: Grant programs

In previous editions of *Shoptalk Online*, we examined some of the FFELP-related provisions included in the Higher Education Opportunity Act (HEOA), the legislation that amends and extends the Higher Education Act (HEA). We again encourage readers to carefully review the legislation, which was signed into law on Thursday, August 14, 2008, as it is extensive and covers many topics outside federal student aid that may impact various entities.

We also remind readers that many provisions in this bill are effective upon enactment, and while ED has historically worked with the financial aid community to develop guidelines and deadlines for implementing changes brought about by the reauthorization process, all affected parties are responsible for ensuring compliance

with the effective dates in the legislation. For many of the provisions in the HEOA, ED will either publish regulations with a notice and comment period, or conduct negotiated rulemaking sessions to provide clarification and interpretation of the law.

In today's article, we review HEOA provisions that affect Pell Grants, Academic Competitiveness Grants (ACG), National Science and Mathematics Access to Retain Talent Grants (SMART), and Teacher Education Assistance for College and Higher Education Grants (TEACH).

Pell Grant Program

A student who first receives a Pell grant on or after July 1, 2008, will be eligible to receive that funding for a maximum of 18 semesters, or the equivalent. For a student enrolled less than full time, his or her Pell grant eligibility is adjusted accordingly.

- Beginning with the 2009-10 academic year, the authorized maximum Pell grant amounts are increased as follows:
 - \$6,000 for academic year 2009-10
 - \$6,400 for academic year 2010-11
 - \$6,800 for academic year 2011-12
 - \$7,200 for academic year 2012-13
 - \$7,600 for academic year 2013-14
 - \$8,000 for academic year 2014-15

Although the above amounts are the maximum award amounts for a given academic year, as in previous years, actual maximum annual Pell grant awards are dependent upon appropriation. In addition to the appropriated maximum annual amount, the College Cost Reduction and Access Act (CCRAA) set mandatory Pell grant increases through the 2012-13 award years; as a result, future annual maximum Pell awards will combine the congressionally-appropriated amount and the CCRAA increase, if any, for that particular year.

The following Pell grant-related changes are all effective July 1, 2009:

- The minimum award (currently \$400) is revised to 10 percent of the appropriated maximum annual amount, which does not include the CCRAA mandatory increase. A student who is eligible for between 5 and 10 percent of the maximum will receive 10 percent; a student who is eligible less than 5 percent of the maximum the student will not receive an award.
- A student who is enrolled in a certificate, associate, or baccalaureate program may receive up to two Pell grants during a single award year, if the student is enrolled on at least a half-time basis for 1) a period of more than one academic year or 2) more than two semesters, or an equivalent period of time, during a

single award year. The total amount of Pell grant funds awarded to such a student for the award year may exceed the appropriated maximum annual award amount for that year.

- The expected family contribution (EFC) for the purpose of determining a student's eligibility for a Pell grant is set to zero for any student:
 - Whose parent or guardian was a member of U.S. Armed Forces and who died as a result of performing military service in Iraq or Afghanistan after September 11, 2001; and
 - Who was less than 24 years old, or was enrolled at least part time, at the time of the parent's or guardian's death.
- An individual subject to an involuntary civil commitment upon completion of a period of incarceration for a forcible or nonforcible sexual offense (as determined by the FBI's Uniform Crime Reporting Program) is ineligible for a Pell grant.

ACG and SMART Grant Programs

- Until July 1, 2009, the Secretary of Education will continue to be responsible for recognizing rigorous secondary school programs of study for ACG purposes. Effective on July 1, 2009, rigorous secondary school programs of study will be recognized by a designated state official, in accordance with regulations in effect on May 6, 2008 (prior to enactment of the Ensuring Continued Access to Student Loans Act, or ECASLA), and will be reported to the Secretary in a timely manner so as to facilitate determinations of student eligibility.
- The HEOA also delayed, from January 1, 2009, to July 1, 2009, the implementation of certain ACG and SMART Grant Program-related changes made by the ECASLA, as described in *Shoptalk Online* edition [460](#).

TEACH Grant Program

- Per the HEOA, a TEACH grant recipient may fulfill the service obligation by teaching in the field for which he or she earned an academic degree, or has expertise, if that field was designated as high need at the time the student received the initial grant, even if that field is later no longer designated as a high-need field.
- ED must establish regulations that define categories of extenuating circumstances under which a grant recipient may be excused from fulfilling all or part of the service obligation.

For more information

To access the bookmarked, integrated version of the HEA, including the changes made by the HEOA, visit *TG Online* at www.tgslc.org/policy/hea.cfm.

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

New ED Web site provides reauthorization information

Last week, ED unveiled a new Web page designed to provide information and updates to the financial aid community on the Higher Education Opportunity Act (HEOA), the reauthorization bill recently signed into law. The page is located at www.ed.gov/policy/highered/leg/hea08/introduction.html, and provides an outline of the steps ED will take to assist the community in understanding and implementing this new legislation.

Dear Colleague Letter

ED is developing a *Dear Colleague Letter* that will provide a detailed summary of the HEOA, but reminds the financial aid community that many of the provisions of the HEOA are effective upon enactment and affected parties are responsible for ensuring compliance with the provisions by their respective effective dates.

Negotiated rulemaking

Some parts of the HEOA will be implemented through new or revised regulations. For certain provisions, ED may issue regulations through the usual notice and comment process, or publish technical changes that merely reflect the changes to the HEA without expanding upon those changes.

However, for some HEOA provisions, ED will conduct negotiated rulemaking (Neg Reg) to develop regulations. Beginning in September, ED will hold four public meetings to provide the opportunity for the financial aid community to suggest topics for consideration during the Neg Reg process. ED will also accept written comments from individuals who are unable to attend one of the meetings.

ED expects to announce its intent to establish Neg Reg committees by the end of 2008, and begin negotiations in February 2009. For provisions that require more rapid implementation, the schedule will be expedited.

For more information

Shoptalk Online will keep readers informed as ED publishes additional guidance and official Neg Reg notices in the *Federal Register*. For questions, contact TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgslc.org.

Guidance on loan purchase commitment program

On August 22, ED released the latest in a series of Electronic Announcements (E-ANN) providing guidance on the implementation of the loan purchase programs authorized by the Ensuring Continued Access to Student Loans Act (ECASLA).

This announcement, E-ANN #23, provides instructions on the execution and submission of the Master Loan Sale Agreement under the loan purchase commitment program.

For more information

Visit ED's ECASLA Web site at <http://federalstudentaid.ed.gov/ffelp/> to view E-ANN #23 and previous updates and guidance from ED.

ED provides Q&As on loan purchase programs

ED has posted two Q&A documents to its Ensuring Continued Access to Student Loans Act (ECASLA) Web page. The documents address both the loan participation purchase program and the loan purchase commitment program. ED has also added an "Ask a Question" feature that allows readers to submit questions on the two programs directly to ED.

For more information

The Q&As, and additional information ED has released related to the passage and implementation of this legislation, are available at <http://federalstudentaid.ed.gov/ffelp/>.

TG updates

Teach your borrowers credit score basics with *Adventures In Education's* "Understanding Credit Scores" Web page



Credit scores are a vital part of determining a borrower's creditworthiness, yet relatively few borrowers know what these numbers represent or even what their own score may be. TG aims to provide students a complete understanding of the credit process, especially as they begin managing their own finances and borrowing to pay for an education. To help students, TG's *Adventures In Education* (AIE™) Web site offers information defining credit scores and explaining scoring criteria for one of the most widely-used credit scores — the FICO® score.

Anatomy of a number

Bankers and lenders typically use credit scores in several ways — to determine whether to lend to a consumer, how much to lend, and at what interest rate. In this case, AIE considers the FICO credit score, which is computed by the Fair Isaac Corporation, a publicly-traded company offering analytical and financial services. Fair Isaac formulates a score based on many factors, including a borrower's credit history, types of debt owed by borrower, total debt, number of credit requests, and payment history. Each factor is weighted differently. A median FICO score is 720 (on a scale of 500 to 850); a score below 600 is considered "risky" for the lender.

Lenders see credit scores as an indicator of how likely a borrower will pay back his or her loans. However, a borrower with a low score should not lose hope. Credit scores are a measurement of creditworthiness for a borrower at a specific point in time, and a borrower can do things to raise a low score. AIE's Web page offers a borrower tips on improving his or her score, including paying off debt rather than moving it around; paying bills on time; and shopping for a loan within a short, focused period of time. There's also a short section listing potential liabilities to a borrower's score. For example, a borrower may not know that unpaid parking tickets or overuse of credit cards can negatively affect a FICO score?

Find out for yourself

You can review the credit score page in AIE, and refer students and parents to it as well, at www.aie.org/College/Paying/Earning/Credit/creditscores.cfm.

Assorted financial literacy offerings

With AIE'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. 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.

Meet Jennifer Evrard, TG's lead for the business integration team



Inspiration for a life's direction can come in unlikely places. For Jennifer Evrard, TG's team lead for the business integration team (BIT), it came idling at a stoplight while looking for a job after college. Like many graduates, Jennifer needed fast cash while job-hunting; she found a potential source with the help of a roadside billboard.

"I saw a sign advertising careers with the IRS," said Jennifer. "I took down the phone number and called it when I got home. That's how my journey into the 'real' world began."

Work with the IRS proved challenging in all the right ways for Jennifer. She found that she enjoyed the intricate "sleuth" work of researching tax laws. She discovered that she had a natural aptitude for breaking down complex tax problems for taxpayers. And she liked the experience of providing a solution to a customer's issue.

The job served as a springboard to her next position with the Texas Higher Education Coordinating Board (THECB), where she gained a broad understanding of

higher education and helped borrowers with an assortment of technical issues, from deferment to default and litigation.

“Again, I found that I excelled most when I had opportunities to translate rules and regulations to educate borrowers,” said Jennifer. She also liked the mission of higher education, which proved to be a motivating factor for taking positions in the financial aid office of the University of Houston and then with TG.

“At the University of Houston, I enjoyed the times I spent educating students and parents about the FAFSA and financial aid process,” said Jennifer. “I found that I could handle potential issues by holding open, simple discussions with students.”

The financial aid equation

Jennifer’s research and customer service work made an ideal foundation for her first position with TG as a policy specialist. Working with TG’s policy and regulatory affairs team, Jennifer helped schools understand higher education laws and regulations through a variety of methods, including training.

“At one point, I developed a presentation on IRS laws and Higher Education Act regulations,” said Jennifer. She also helped design and present training to new and returning FFELP schools. “It was very rewarding to offer information that helps these schools navigate the rules and regulations that impact how they process financial aid for their students.”

From policy and regulatory affairs, Jennifer moved to TG’s business integration team (BIT), which did not feel like a dramatic switch for her. To Jennifer, problem-solving, whatever the subject — policy or technology — requires the same conceptual and analytical skills. She also finds a definite asset in understanding both sides of the financial aid equation: regulatory needs and technology solutions.

“Having a solid foundation in the HEA has really helped me understand what our customers need in products and processes,” said Jennifer. “It also helps me to identify issues BIT should discuss with a customer during an integration so that the customer knows what to expect from technology.”

Long-term rewards

BIT consultants work with schools and lenders to implement a TG technology product or service. They open a dialogue between TG and the customer to discuss the school’s or lender’s current processes and to make sure that systems work together effectively.

“Once everyone has a clear understanding of the product or processes, we move the customer through testing and into production. We then provide customer training and support during the warranty period,” said Jennifer.

Since there is no “one-size-fits-all” solution for schools and lenders, consultants often work creatively to provide the best integration between TG products and customer needs, according to Jennifer. The challenge of meeting customer

requirements and tailoring processes or systems to meet those requirements is a source of satisfaction to her.

"I experience a great sense of accomplishment when I help my team successfully manage the integration process and leverage our technology so that TG exceeds customer expectation," said Jennifer.

Outside TG, Jennifer enjoys spending time in the great outdoors with her husband and their two young children. Recently, she received her SCUBA certification and hopes to schedule a dive trip soon to try out her newly-acquired skills.

To learn more

Find out more about TG's products and services by contacting your account executive at (800) 252-9743 or by sending an e-mail message to relationship.management@tgslc.org.

Trends and issues

Question of the week

Q.: What is the first payment due date for each type of FFELP loan?

A.: The first payment due date for Stafford, PLUS, and Consolidation loans is as follows:

- Per the *Common Manual*, Subsection 10.5.A, the first payment due date for a Stafford loan must be no later than:
 - 60 days after the beginning of the repayment period.
 - 60 days after the last day of a deferment or forbearance period, unless the borrower makes a prepayment during this period that advances the due date.
 - 60 days after the last day of a post-deferment grace period, unless the borrower makes a prepayment during this period that advances the due date.
 - 75 days after the date the lender learns that the borrower's loan has entered repayment without the lender's knowledge (late notification that the borrower ceased at least half-time enrollment).
- Per the *Common Manual*, Subsection 10.5.B, the first payment due date for a PLUS loan must be no later than:
 - 60 days after the date the loan is fully disbursed.

[Note that in last week's [Question of the Week](#), *Shoptalk Online* mistakenly stated that a PLUS loan enters repayment 60 days after

the final disbursement of the loan; actually, a PLUS loan enters repayment upon final disbursement of the loan (per the *Common Manual*, Subsection 10.4.B).]

- 60 days after the last day of a deferment or forbearance period, unless the borrower makes a prepayment during this period that advances the due date.
 - 60 days after the last day of a post-deferment grace period, unless the borrower makes a prepayment during this period that advances the due date.
 - In the case of a late notification, 75 days after the date the lender learns the student withdrew from school before the loan was fully disbursed — or, in the case of a loan for which the borrower previously qualified for deferment, 75 days after the date the lender is notified that the borrower no longer qualifies for that deferment.
- Per the *Common Manual*, Subsection 15.5.A, the first payment due date on a Consolidation loan must be no later than:
 - 60 days after the date of the last disbursement that pays the underlying loans in full.
 - 60 days after the last day of a deferment or forbearance period, unless the borrower makes a prepayment during this period that advances the due date.

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 Chronicle of Higher Education just released its annual *Almanac* on U.S. colleges and universities. The *Almanac* offers an array of information including college enrollment trends, demographics, faculty pay, tuition and fees, and much more. For anyone who needs quick statistics on higher education or even opinion-related information, the *Almanac* is an essential reference. Questions about the average salary for college administrators? Curious about why freshmen choose the colleges they do? Want to know average SAT scores by race and gender? You'll find the answers online through the *Chronicle's Almanac* available at <http://chronicle.com/weekly/almanac/2008/nation/nation.htm>.

Note that *The Chronicle of Higher Education* requires a paid subscription to review some content.



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.

Contributors to this edition: Rob Davenport, Sarah Faszholtz, Kelly Kaelin, Cindy Marrs, and Art Martinez. Edited by TG Communications and Policy and Regulatory Affairs. Designed by TG Communications.

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