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Tip^{of} the Week

Key milestones in the process of applying for college occur in September, including registering for college placement tests and evaluating particular colleges. You can direct students to the complete list of activities at www.aie.org/Calendar/financialaidcalendar.cfm.

Federal updates

ED releases FY 2006 cohort default rates

On September 15, ED released the official cohort default rates for FY 2006. All domestic schools that signed up for the Electronic Cohort Default Rate (eCDR) process will receive their FY 2006 official rate electronically via their Student Aid Internet Gateway (SAIG) mailboxes. Domestic schools not signed up for the eCDR process will have to get their cohort default rates from the National Student Loan Data System (NSLDS). Most foreign schools will receive their notification package via the U.S. Postal Service, but foreign schools that have one or more borrowers in repayment will receive their Loan Record Detail Report (LRDR) as an encrypted Portable Document Format (PDF) file on a CD-ROM. Foreign schools that receive a CD-ROM will also receive a separate letter providing the password needed to decrypt the LRDR.

Loan Record Detail Report

A school with an FY 2006 cohort default rate of 10 percent or greater should receive an LRDR along with ED's notification of the official cohort default rate. If a school does not receive its report or wishes to request the LRDR in an electronic format (also known as the eLRDR), the school may request an FY 2006 eLRDR through ED's NSLDS Web site at www.nslsdfap.ed.gov. For more details about the eLRDR, visit www.ifap.ed.gov/eannouncements/0211Draft2000eLRDR.html.

Consequences of high cohort default rates

A school with an official cohort default rate of 25 percent or greater for the three most recent fiscal years (FY 2004, FY 2005, and FY 2006) is subject to loss of eligibility to participate in the FFELP, Federal Direct Loan Program, and Federal Pell Grant Program, unless the school successfully appeals the eligibility loss. A school with high cohort default rates that was not participating in the FFELP or Direct Loan Program on October 7, 1998, and has not participated in either of those programs since that time, is exempt from the loss of Pell Grant Program eligibility.

A school with an official FY 2006 cohort default rate that is greater than 40 percent may lose its eligibility to participate in the FFELP and Direct Loan Program, unless the school successfully appeals the eligibility loss.

Appeals and adjustments

A school that is subject to sanction because of a high official FY 2006 cohort default rate may appeal its rate within 30 days of receiving notification of sanction. The school may appeal if it feels the sanction is based on allegations of incorrect data, improper loan servicing and collection, and/or exceptional mitigating circumstances, as described in federal regulations and the *Cohort Default Rate Guide*.

As in the past, appeals based on incorrect data and improper loan servicing of FFELP loans must be submitted to the school's guarantor(s) within specified time frames to permit the school's continued eligibility while the appeal is pending. A school must submit an appeal regarding exceptional mitigating circumstances directly to ED. A school must also submit any appeal pertaining to Direct loans directly to ED.

A school also may be eligible to submit an Uncorrected Data Adjustment or a New Data Adjustment based on official FY 2006 cohort default rates. The *Cohort Default Rate Guide* explains the procedures, time frames, and other requirements for submitting these requests for adjustment.

Appeals to TG's compliance administrative operations

Schools are advised to send cohort default rate appeals to TG's compliance administrative operations at the corporate mailing or overnight shipping address, as appropriate:

Mailing address

TG
Attn: Compliance Analyst, Ken Johnson
P.O. Box 83100
Round Rock, Texas 78683-3100

Overnight delivery services

TG Distribution Center
Attn: Compliance Analyst
3500 Wadley Place, Building C, Suite 303
Austin, Texas 78728-1244

Time frame for appeals

The time frame for a domestic school, and for a foreign school that has established SAIG access, to initiate the appeal process begins the sixth business day following the announced transmission date of the eCDR packages. In other words, if the announced transmission date is September 15, 2008, the appeal clock starts ticking on September 23, 2008. For a foreign school that has not yet established SAIG access, time periods for the institution to submit challenges, adjustments, and appeals will begin on the date that the institution received the encrypted password-protected CD-ROM and the letter with the password for decrypting the CD-ROM.

Guide available online

You can download the latest version of ED's *Cohort Default Rate Guide* at <http://ifap.ed.gov/DefaultManagement/CDRGuideMaster.html>. Please note that updates to this publication will be reflected only at <http://ifap.ed.gov/drmaterials/changelog.html>. Therefore, periodic review of this site is recommended for maintaining an up-to-date version of the Guide.

Please note that the rate time frame and calculation will be changing in FY 2009. *Shoptalk Online* will provide additional information on the changes in an upcoming issue.

Questions?

For questions about the FY 2006 official cohort default rate and appeal procedures, contact Ken Johnson in TG compliance administrative operations at (800) 252-9743, ext. 4701, or send an e-mail message to ken.johnson@tgsic.org.

Loan Purchase Commitment Program guidance

On September 9, ED released Electronic Announcement (E-ANN) #26 regarding the implementation of the loan purchase programs authorized by the Ensuring Continued Access to Student Loans Act (ECASLA). This E-ANN announces revisions to the Master Loan Sale Agreement (MLSA) that will provide clarity and simplification in the Loan Purchase Commitment Program. Specifically, ED has revised the Bill of Sale and the Security Release Certification and has created a new Notice of Assignment and Designation of Payee.

For more information

The E-ANN, including attachments of the above documents, is available online at <http://federalstudentaid.ed.gov/ffelp/library/EA26.doc>.

NSLDS Newsletter #19 available

On September 10, ED released NSLDS Newsletter #19, which identifies NSLDS changes already implemented due to the College Cost Reduction and Access Act (CCRAA), and upcoming changes that will be completed by December 31, 2008. Those changes include:

- Updates to the Transfer Student Monitoring/Financial Aid History (TSM/FAH) processes
- Enhanced data match so Central Processing System (CPS) can include additional TEACH Grant and Direct Unsubsidized Loans (TEACH) and flags in the Institutional Student Information Record (ISIR)

More information

To access NSLDS Newsletter #19, visit the Information for Financial Aid Professionals (IFAP) Web site at <http://ifap.ed.gov/nsldsmaterials/attachments/Newsletter19.pdf>.

TG updates

TG grant helps Vernon College provide an early college start to students



With state support, dual enrollment is a growing trend at high schools across the country — and with good reason. The program allows students to earn college credit and even graduate with a certificate or college degree along with a high school diploma. It can also save students and parents money and provide an easier transition to a 4-year institution for those planning to transition from a 2-year institution.

According to a recent study conducted by the Community College Research Center, dual enrollment not only opens college doors for students, it also has a positive effect on their grade point averages.

Vernon College is one such college working with local high schools to provide dual enrollment to students. At its Wichita Falls, Texas, location, Vernon College offers a varied curriculum focused on career and technical fields, including business management, computer and information sciences, criminal justice, and licensed vocational nursing.

With the help of a grant from TG, the college recently inaugurated a dual enrollment program geared to students in eight independent school districts in north Texas. The Early College Start (ECS) program provides high school students with hands-on experience in technical and vocational fields so that, upon graduation, they have better job prospects and higher earning potential.

According to Sharon Winn, an administrator for ECS, the program appeals to a wide variety of students, especially those who want exposure to state-of-the-art technology in high-tech areas like robotics, plasma welding, and computer networking.

“Jobs in high-tech fields are growing in demand,” said Winn. “And employment data indicates the demand will increase in the near term.”

Making the college connection

Vernon College’s ECS program offers more than college coursework to interested high school students. It also provides pre-college outreach in the form of workshops on the college admissions and registration processes.

“The coordinator for the ECS program visits area high schools,” said Winn. “She meets with students and answers questions on college registration. She also offers tips on how to succeed in college in terms of study skills, time management, and financial planning.”

High school students need intensive one-on-one attention to make the college connection, according to Winn. The ECS coordinator provides that attention and promotes higher education at the same time, conducting tours of Vernon College and arranging for meetings with college faculty. The intent is to turn students and parents into self-motivated learners, gathering information on colleges and careers independently.

The ECS program has had a positive impact on the local community. Last May, Vernon College held a special ceremony to recognize students graduating from high school with a certificate or associate’s degree. Faculty members applauded each student for his or her outstanding accomplishment in completing college work while still in high school.

"One student's grandparents wrote a letter to our college president about the program," said Winn. "Some students have already secured jobs in businesses relating to their field of study, though they continue to go to school at night to further their education."

About TG's Public Benefit Grant Program

To apply for 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.

Gear up for fall training with these TG workshops at regional and state conferences

Keeping up with changes in the law and regulations, and the latest trends in financial aid management is one of the more important tasks for a financial aid administrator. Workshops and seminars offer a great way to stay informed on financial aid and industry issues. TG's trainers will be offering opportunities for program knowledge enrichment at numerous industry conferences this fall, including events in Kansas, Louisiana, Tennessee, Ohio, and New York. During each session, participants will hear from seasoned professionals and have time to hear and participate in a dialogue on the given issues. A complete listing of conferences that feature TG training can be found online at www.tgslc.org/abouttg/calendar.cfm.

A partial list of TG's upcoming conference and regional trainings

Texas Association of Student Financial Aid Administrators (TASFAA) Fall Conference, Houston, Texas, October 8-10

- Several sessions: TG will be delivering several sessions at this year's Fall conference in Houston. Look for more detailed information on TG's training offerings at TASFAA in an upcoming issue.

Kansas Association of Student Financial Aid Administrators (KASFAA) Fall Conference, Junction City, Kan., October 1

- **Leadership Secrets of Santa:** In this workshop, attendees consider Santa as a model of a great leader, with particular focus on the way he builds a high performance team, attracts and retains the best and brightest, sets goals and performance measurements, deals with change, and solves "people problems."

Louisiana Association of Student Financial Aid Administrators (LASFAA) Fall Conference, Baton Rouge, La., October 9

- **Accountability That Works:** This workshop focuses on a three-stage cycle of accountability — responsibility, empowerment, and accountability. By focusing on these stages, the financial aid professional can begin to make significant progress in the delivery of higher education financing services to students and parents.

***Tennessee Association of Student Financial Aid Administrators (TASFAA)
Fall Conference, Nashville, Tenn., October 12***

- **Diversity: A Mosaic of Possibilities:** Visionary organizations that want to be leaders in their respective fields will take the reality of diversity and make it a corporate asset. In this interactive session participants will learn why organizations care about diversity and how to increase awareness about the impact of diversity at work; identify actions to address stereotypes and perceptions; and examine how valuing differences can achieve positive results.

***Midwest Association of Student Financial Aid Administrators (MASFAA)
Annual Conference, Cincinnati, Ohio, October 12***

- **For the Love of It:** Each of us has the ability to love what we do by honoring our passion, making a contribution to those around us, and expressing gratitude. When you work for the love of it, you serve as an inspiration to yourself and to those around you. Find out how you can live your work life with this paradigm in mind.

***New York State Financial Aid Administrators Association (NYSFAAA)
Annual Conference, Buffalo, N.Y., October 23***

- **Policy Potpourri:** During this session, presenters use a game format to test the audience's knowledge of regulatory policy and federal student aid trends. The interactive presentation provides an entertaining way to develop knowledge in financial aid.
- **Regulatory Perils in Graduate/Professional Aid** During this session, the presenters ask the audience a series of challenging policy questions on a variety of current topics relevant to graduate and professional aid administration. Audience members participate, demonstrate their knowledge, and come away with valuable information and materials.

To learn more

Would you like to learn more about the many industry training opportunities TG offers through its Speakers Bureau? Visit www.tgslc.org/speakers/index.cfm to review the complete training catalog. Keep in mind that TG can adapt a particular training session to meet the needs of your financial aid office. To find out how, contact your account executive at (800) 252-9743, or send an e-mail message to relationship.management@tgslc.org.

Trends and issues

Four things students should know before they apply for a credit card

Credit cards open up a realm of potential purchases for a typical consumer. That temptation is all too strong for many Americans, at least according to research statistics. Nearly 144 million individuals keep a credit card, maintaining an average of \$8,000 in month-to-month debt. By the end of 2007, Americans carried nearly a billion dollars in credit card balances with interest accruing on a large portion of that amount.

College students add to the growth in credit card debt each fall. In their freshman year, college students receive credit card offers even before they reach campus. By the time they graduate, more than 70 percent of students have begun using a card, adding an average of \$2,000 of debt beyond any student loans they may have borrowed.

Financial aid officers may understand the particular vulnerability students have with regard to credit cards. Students often find credit cards to be useful in a pinch; unfortunately, their use can quickly turn into a habit. Luckily, you can help your students set and follow a pattern of smart credit card use. In so doing, you help safeguard their financial future and promote smart money management.

Consider offering the following general guidelines to new and returning students. You can incorporate this material in training of your own; however, TG includes this information in its Positive+Balance™ money management training for students.

1. **Understand credit card terms.** Variable interest, annual percentage rates, capitalization, and principal – the technical terminology that describes the use and process of credit cards requires a little education. Make sure students understand the terms used on credit card statements before they make any major purchases. Demystifying details like these can help empower students to become more responsible consumers.
2. **Beware of fees.** Charges for various transactions can show up on statements in the form of various fees, which often mean little to a novice credit card user. Credit card companies may charge fees for late payments, exceeding the credit limit, cash advances, balance transfers, set-up of service, or item returns. Knowing what these fees mean can save students money and help them avoid over-spending. Students should also look for cards that also do not charge an annual fee.
3. **Shop around for the best interest rates.** Credit card companies offer varied interest rates depending on the applicant's credit history and a variety of other factors. Marketing sometimes feeds into this, with companies "bidding" for potential users by offering better terms at various times.

Students should take advantage of the glut of availability and consider their offers carefully in terms of annual percentage rates and credit limits.

4. **Set a pattern of payment.** Before getting a card, students should have established a payment method to help manage and minimize outstanding balances. Paying back more than the minimum, using credit only in emergencies, and keeping track of purchases to understand any trends in use are all examples of responsible consumer behavior that should make it easier to manage credit cards.

To learn more

If you'd like to learn more about TG's comprehensive money management training for students — Positive+Balance — contact Rett Anderton or Joe Braxton, TG's default aversion consultants. Rett Anderton can be reached at (800) 252-9743, ext. 4765, or by sending an e-mail message to rett.anderton@tgslc.org. Joe Braxton may be reached at (800) 252-9743, ext. 4696, or by sending an e-mail message to joe.braxton@tgslc.org.

Question of the week

Q.: Does the 30-day delayed disbursement rule for Stafford loans apply to a student who is a first-time borrower who has already completed a term?

A.: No, as long as that term was at least 30 days long, the school may deliver that student's first Stafford loan disbursement without delay. The *Common Manual* (Subsection 8.7.D) states that for a "first-year undergraduate student who is a first-time borrower...a school must not deliver the first disbursement...until the student completes the first 30 days of his or her program of study." So a student who has completed the first 30 days of his or her program of study is not subject to delayed disbursement.

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

Financial literacy training is becoming a more popular offering on college campuses, according to a survey released by Student Lending Analytics, a college advisory firm.

Nearly 40 percent of financial aid administrators surveyed said their colleges provided financial literacy training to students. Of those who said their colleges did not offer such a program, half indicated the institution planned to start one soon.

However, only 15 percent of respondents said that financial literacy programs were mandatory for students.

Budgeting, planning for loan repayment, credit cards, identity theft, and understanding a credit report were the most popular topics covered in a typical financial literacy program, according to the survey.

To learn more about the rise in financial literacy programs on college campuses, read the complete *Chronicle of Higher Education* article at <http://chronicle.com/news/article/5108/financial-literacys-profile-rises-on-college-campuses>.

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



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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.

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