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Tip^{of} the Week

TG's account management tool, myTGSM, provides borrowers with secure access to information on their TG loans. While online, users can use the utility to update personal information and check payment history, among other things. Find out more at www.tgslc.org/borrowers.

Federal updates

PLUS auction cancelled

On April 10, 2009, ED announced the cancellation of the competitive loan auction pilot program for parent PLUS loans (auction). The announcement states that during the 2009-10 and 2010-11 award years, FFELP parent PLUS loans may be made by any eligible lender to parents of students attending eligible educational institutions in any state.

As reported previously in *Shoptalk Online* (see edition [493](#)), ED published a notice in the March 3, 2009, *Federal Register* that established an April 1, 2009, deadline for lenders to submit auction pre-qualification requests. In order for the auction to have been considered successful for any state, at least two lenders must have submitted pre-qualification requests for that state. However, ED did not receive two requests for pre-qualification for any state, and for the "vast majority" of states, ED

received no requests at all. For this reason, ED is cancelling the auction that was scheduled to occur on April 15, 2009.

Congress is also currently considering legislation that addresses the auction (see *Shoptalk Online* edition [497](#)). *Shoptalk Online* will keep readers informed as that bill progresses through the legislative process.

For more information

The Electronic Announcement about the auction cancellation is available on the Information for Financial Aid Professionals Web site at <http://ifap.ed.gov/eannouncements/041009PLUSAuction.html>.

ECASLA Electronic Announcement #55

ED has issued Ensuring Continued Access to Student Loans Act (ECASLA) Electronic Announcement #55, providing instructions for obtaining access to information from ED's servicer for the Master Loan Sales Agreement (MLSA) Agreed Upon Procedures (AUP) letter.

In accordance with Section 5 (B)(ix) of the MLSA for the 07-08 Short-Term Purchase Program and the 08-09 Loan Purchase Commitment Program, the Seller must deliver to ED an AUP letter by an independent public accountant in an acceptable form. The AUP letter assists ED in evaluating whether sales of loans to ED were in compliance with the provisions of the 2007-08 MLSA or the 2008-09 MLSA, as appropriate.

ED's Office of the Inspector General (OIG) issued the Agreed Upon Procedures Attestation Engagement Guides that lenders participating in the 2007-08 Short-Term Purchase Program and the 2008-09 Loan Purchase Commitment Program must use for the AUP letters. The guides are located at www.ed.gov/about/offices/list/oig/nonfed/ecalsa-aup-030409.pdf and www.ed.gov/about/offices/list/oig/nonfed/ecalsa-aup-12092008.pdf, respectively.

The guides require that auditors obtain loan information from ED's servicer. To obtain this information, the auditor will be required to execute a security agreement regarding the use and safeguarding of such information.

More information

For information on how to execute the security agreement, please contact Greg Plenty at (202) 377-3253 or at gregory.plenty@ed.gov. The complete announcement, and all previous ECASLA guidance issued by ED, is available at www.federalstudentaid.ed.gov/ffelp.

ED reminds schools about professional judgment for special circumstances

In light of the current economic challenges, ED recently released *Dear Colleague Letter* (DCL) GEN-09-04, reminding schools that they may use professional judgment (PJ) when determining a student's eligibility for federal student aid.

For families that may be balancing college with a challenge such as a job loss, foreclosure, or medical expense, PJ becomes particularly significant. In the DCL, ED encourages schools not only to "do more than provide good service to the students who request that you make an adjustment" but also to "reach out to your students (and prospective students), particularly those who seem to have hit a rough patch, to make sure that they know there may be ways that you can help." Exercising PJ may increase a student's eligibility for a Federal Pell Grant, campus-based aid, or subsidized Stafford loan — and may make the difference in whether a student can begin or continue his or her studies.

PJ primer

In GEN-09-04, ED reminds schools of several principles to keep in mind when making PJ decisions:

- For every PJ determination, the school should seek to obtain and maintain verifiable third-party documentation of the changed circumstances in order to support the decision.
- PJ adjustments must be made on a case-by-case basis; that is, consideration should include special circumstances that differentiate an individual student from a class of students. The DCL notes that, "[w]hile students may face common or similar issues in these economic times, you may not establish automatic categories of special circumstances and provide identical treatment to all students in that circumstance. You could, however, identify a category to reach out to (for example, all students that have a parent who recently lost a job) but then [you] would need to assess and document how each individual student's situation was affected."
- ED also noted that reductions in income may occur for a variety of reasons, some of them voluntary, and a school may use PJ to account for "the income loss associated with a prospective student's decision to leave the workforce or to reduce work hours in order to return to school." Whether the loss of income is voluntary or involuntary, the school may adjust the student's or family's FAFSA income data so that it more accurately reflects the student's or family's current and projected economic reality. As an example, ED suggests that for an individual who has lost a job or has taken a significant salary cut beginning in November 2008, the school may choose to project income for the next 12-month period (December 2008 through November 2009) and use that figure instead of the base year income (calendar 2008) that was initially used in the calculation of the student's expected family contribution (EFC).

More information

To access DCL GEN-09-04, go to <http://ifap.ed.gov/dpcletters/GEN0904.html>.

The DCL refers to more PJ information in the Application and Verification Guide (AVG). TG has posted the recently released 2009-10 version in PDF format on *TG Online* at www.tgslc.org/policy/fsa_handbook.cfm. The section on PJ begins on page AVG-105.

TG updates

TG Annual Training Conference set to begin next Wednesday

Higher education has seen significant change in the last several years — both legislative and regulatory shifts as well as effects of the current economic turmoil. There's no better way of staying on top of such a variety of developments than training. Next week, TG kicks off three days of industry training designed to address a broad range of financial aid interests, from default aversion and professional judgment to tips for implementing a campus financial literacy program.



The 2009 TG Annual Training Conference offers more than 50 specialized sessions and workshops covering seven different subject areas, or tracks. Set to begin on Wednesday, April 22, at the Renaissance Hotel in Austin, Texas, TG's conference provides attendees a chance to explore the financial aid issues that matter to them, such as Income-Based Repayment, the new cohort default rate calculation, and enrollment

management.

A few conference highlights

The TG Annual Training Conference is a meticulously planned event that places particular focus on policy issues as well as topics drawing discussion in the financial aid community. To help attendees plan their conference experience, here are a few featured sessions. Sessions are led by TG experts, respected presenters from outside TG, or panels of school and lender representatives in discussions moderated by TG team members.

- **Financial Literacy Mini-symposium**

This session offers a dialogue on campus financial literacy programs, highlighting ways to gauge the effectiveness and success of a program. Come to this session ready to share your own perspective on emerging trends in financial literacy and to hear how TG plans to expand and enhance its own financial literacy offerings.

- **Professional Judgment**

Stumped by a dependency override or income adjustment? This interactive session will focus on when to apply professional judgment and how to document unusual circumstances. Participants are encouraged to share real-life situations and contribute their expertise and solutions in discussion on the cases presented.

- **Contending with the Creation of a Preferred Lender List**

Is your school searching for an industry tool that can help unravel the challenges associated with implementing a preferred lender list (PLL)? If so, come to this session to hear TG's regulatory and product experts deliver an informative review of the federal requirements for recommended lender lists. This session will also present best practices for creating and implementing a PLL, and will highlight TG's latest product, List AssistSM, which is designed for schools that want to create or maintain a FFEL recommended lender list.

- **ECASLA's Effect on ACG/SMART**

Cynthia Thornton of ED's Dallas regional office leads a special session via webinar on Thursday. The session focuses on the many changes that the Ensuring Continued Access to Student Loans Act (ECASLA) and the Higher Education Opportunity Act (HEOA) recently made to the Academic Competitiveness Grant and National Smart Grant programs.

- **Federal Update**

Thornton also leads a special federal update on Friday. The session considers the Higher Education Opportunity Act (HEOA), which reauthorized the Higher Education Act of 1965. The HEOA made important changes to the Title IV federal student aid programs. This session considers those changes and others that will take effect for the 2009-10 academic year.

- **Engaging Faculty and Staff for Student Success**

Learn some of the underlying issues influencing student success and failure. Discover a model for student retention and persistence and hear what is being done on campuses across the country to keep students on the path to graduation.

- **Successful Integration of Default Aversion**

One challenge for many financial aid offices is determining how to best integrate new procedures and strategies, usually because of limited resources, limited time, or both. This session will explore how one West Texas school successfully integrated a default aversion and financial literacy program on campus and began lowering its default rate.

Agenda online

The conference agenda is available online and offers a day-by-day rundown of sessions according to subject and time. The agenda provides a tool for choosing sessions, learning more about keynote speakers, and planning for evening events. Receptions are scheduled immediately following general sessions on Wednesday and Thursday, from 5:30 p.m. to 7 p.m., CDT.

Find out more about this year's varied agenda by visiting *TG Online* at www.tgslc.org/tgconference/index.cfm.

To register

You can register for the conference at www.tgslc.org/tgconference/register.cfm.

TG launches enhanced version of TG Message CentralSM

This week, TG will roll out a new version of its customer notification service, TG Message CentralSM. TG Message Central provides schools and lenders with news about TG, including information about product enhancements, processing schedule changes, conferences, and workshops. TG Message Central streamlines communications between TG and its customers, offering a direct and efficient way to transmit news.

Shoptalk Online edition [493](#) provided advance announcement about the change so that interested users could transition to the service early.

Current subscribers to TG Message Central will not have to resubscribe to receive messages. Subscribers should watch for an announcement about the implementation in their e-mail. The subject line will be "TG Message Central — Welcome to TG Message Central 2.0." The message will contain a temporary password, user ID, and other useful information.

Key enhancements

Modifications to the service offer subscribers a variety of benefits. Changes to TG Message Central include these:

- **Login** — TG has added a login process to protect access to a subscriber's TG Message Central profile and e-mail inbox.
- **Subscriber profiles** — Now, subscribers can control what messages they receive from TG by selecting options on a new user profile. Subscribers can adjust their user profiles to receive messages according to institutional and professional need, including news about TG system availability, processing updates, regional trainings, conferences, and more.
- **TG Message Central 2.0 e-mail inbox** — The user's e-mail box allows subscribers to retain messages for up to 180 days.

For questions

To learn more about TG Message Central, contact TG's product support team at (800) 332-1455, or send an e-mail message to product.support@tgslic.org.

Trends and issues

Register for third installment of IBR webinar series

Next week, the National Council of Higher Education Loan Programs (NCHHELP) continues its series of webinars focusing on the new Income-Based Repayment (IBR) plan that will be available to borrowers beginning July 1, 2009. The next webinar in the series will highlight lender- and servicer-related IBR issues.

The webinar, scheduled for April 16, 1:30 p.m.–3 p.m., CDT, will provide a more detailed discussion on IBR payment terms and disclosure, determination of partial financial hardship, tracking payments toward forgiveness, and claim filing.

Registration

Register for this free webinar at

<http://w.on24.com/r.htm?e=140226&s=1&k=FE808F94C69FB40B54394B65730281A9>. Please note that NCHHELP webinars deliver both the audio and presentation slides via your PC; there is no dial-in "audio only" option.

Policy potpourri

Q.: What does it matter if a school uses "active" or "passive" confirmation for purposes of loan notification? What's the difference?

A.: Passive and active confirmation processes are defined on page 4-9 of the 2008-09 *Federal Student Aid Handbook*:

"Active confirmation — a school does not disburse the loan until the borrower either affirmatively requests or accepts the proposed loan type and amount or requests changes to the proposed loan package.

Passive confirmation — a school does not disburse the loan until the borrower is notified of his or her proposed loan package, and the time given to the borrower to respond has elapsed. (The notification can come from the school, lender and/or guarantor.) The borrower only needs to take action if he or she wants to decline the loan or make adjustments to the type or amount of the loan."

For example, a school's award letter may be used as part of either an active or passive confirmation process. For active confirmation, the borrower would be asked to confirm the loan amount offered by responding to the school's offer. For passive confirmation, the borrower would be asked to respond only if he or she wanted to cancel or reduce the loan amount offered.

The distinction between active and passive confirmation is significant because the timeframe requirement for the school to send the loan notification differs for each. This topic was described in detail in *Shoptalk Online* edition 442, but in brief:

"Rules for active confirmation

Schools using active confirmation ... must still:

- Send the notice of credit to the student's school account within 30 days before and 30 days after the school credits the account; and
- Give the borrower 14 days to cancel the loan funds as a result of the notice of credit to the student's account.

Rules for passive confirmation

ED has imposed greater requirements upon schools that choose to use a passive confirmation process, since students at these schools face a heightened possibility of unintentional or unnecessary borrowing. For those students, the final rules [published on November 1, 1007] put into place additional protection by revising the loan cancellation notice. Specifically, those schools will be required to:

- Send the notice of credit to the student's school account within 30 days before and 7 days after the school credits the account; and
- Give the borrower 30 days to cancel the loan funds as a result of the notice of credit to the student's account."

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

Community colleges across the nation are stepping up to help workers who have lost their jobs. In Pennsylvania, all 14 community colleges are offering plans for tuition assistance to adversely affected local students. There's no strict accounting of how many of the nation's 1,200 community colleges are following suit. However, many colleges are making similar gestures, with examples to be found in New Jersey, Michigan, Illinois, Minnesota, and Washington state.

Oakton Community College, outside Chicago, launched its "Reboot" program this winter for local residents who were laid off after January 1, 2008. Tuition is free for at least one semester for five high-demand subjects, including computer programming.

Still, community colleges often can't find enough money, staffing, or space to keep up with demand. Many colleges face surging enrollments from adults in need of new training and from young people seeking affordable higher education.

Federal stimulus spending, designed in part to fund worker re-education, should provide some relief.

Read the complete article in *The Christian Science Monitor* at www.csmonitor.com/2009/0411/p99s01-usgn.html.



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