

In this issue:

Federal updates	1
NCHERP announces industry interim IBR application.....	1
Loan Purchase Programs reminders and updates.....	2
Reminder of changes effective July 1	3
TG updates	6
TG awards \$6.2 million in competitive grants to advance college access and student retention	6
Register now for TG's upcoming financial literacy symposiums.....	7
Legislative update	7
This, that, and the other	8

Tip of the Week

TG's Positive+Balance CommunitySM offers an extended set of tools to help your campus develop and enhance financial literacy initiatives. As a member of the Positive+Balance Community, you can download and use training presentations for free, communicate with administrators at other schools, and find out about the latest techniques for teaching financial literacy. Register to become a member at www.positivebalance.org.

Federal updates

NCHERP announces industry interim IBR application

The NCHERP Team FFEL IBR Workgroup has produced an interim Income-Based Repayment Plan Application for the new Income-Based Repayment (IBR) plan available to borrowers on July 1, 2009. This form is not the official Office of Management and Budget (OMB)-approved Department of Education form, but instead a revision of the draft form submitted to the Department in March that has been updated and includes preliminary comments made by the Department. Here are a few important points regarding the use of the form.

- The use of this form is encouraged but optional. The form is provided to assist FFEL lenders and servicers if needed until there is an OMB-approved Department of Education form.
- The form may be used as is. However, your institution may want to modify it to accommodate its processes.
- Section 2 contains information about the IRS Form 4506-T as some lenders and servicers will continue to use Form 4506-T for obtaining the borrower's adjusted

gross income (AGI). For those who are going to use a copy of the first two pages of the borrower's tax return for obtaining the AGI (as outlined in the June 12, 2009, Electronic Announcement from the Department), participants may want to develop instructions to borrowers on how to provide those copies and also to obtain a borrower's self-certification of non-filing.

- Section 8 contains a link to the Department's IBR calculator. Your institution may replace or supplement this with links to other online calculators.

Continuing work

The IBR Workgroup will begin working on the comments received from the Department for the Alternative Documentation of Income form and distribute it soon. The Workgroup will also be working with the Department to develop the official OMB-approved common forms. However, that process will take several months to complete. The industry's experience as it implements IBR over the next several months will help in the development of the common forms.

Accessing the form

TG provides a link to the form as a PDF and a Microsoft Word® document through its corporate Web site, *TG Online*. Access the IBR form at www.tgslc.org/forms/index.cfm.

For more help

TG provides a convenient resource for learning more about IBR through *TG Online*. TG's Income-Based Repayment page defines IBR, describes who may be eligible, and answers various questions that borrowers may have about the plan. The IBR page adds one more tool to *TG Online*'s Managing Repayment area for borrowers. Managing Repayment also offers a comparison of repayment plans, including IBR, to help borrowers consider all their options and choose a plan that best meets their financial circumstance.

Visit TG's IBR page at www.tgslc.org/borrowers/repay/IBR.cfm.

TG also provides a simple calculator tool to help evaluate if a borrower appears to qualify for IBR and estimate a monthly payment based on such factors as income, total federal student loan debt, and family size.

Visit TG's *Adventures In Education* Web site at www.aie.org/Calculators/IBR/index.cfm to access the calculator.

Loan Purchase Programs reminders and updates

On June 16, ED published Ensuring Continued Access to Student Loans (ECASLA) announcement #66, which reminds participants that the 2009-10 Loan Purchase Programs are new programs and not extensions of earlier programs. Thus each FFELP lender or loan holder that wishes to participate in the 2009-10 programs

must execute the relevant Adoption Agreement (and other required documentation) regardless of any earlier participation in the ECASLA Loan Purchase Programs.

The announcement also alerts participants to certain changes to program documents. ED has made several changes to the text of the 2009-10 Master Participation Agreement (MPA) and Master Loan Sale Agreement (MLSA) as originally posted in January 2009. The changes incorporate into the Agreements themselves interpretations of the Agreements, such as those explicitly adopted in ECASLA announcement #34 dated October 31, 2008 [Questions & Answers 36 – 39], and made publicly available to rating agencies evaluating lenders' financial transactions; or in other guidance from ED. The changes are intended to clarify the rights and obligations of the parties under the agreements. Attached to announcement #66 are copies of both the revised 2009-10 Agreements (dated June 15, 2009) and redlined versions of those Agreements that show the changes made to the January 1, 2009, versions posted on January 16, 2009.

More information

The complete announcement and attachments are available on ED's ECASLA Web site at <http://federalstudentaid.ed.gov/ffelp/library/EA66.pdf>.

Reminder of changes effective July 1

Rev up your engines for the 2009-10 award year. June is flying by, and the various changes to the Title IV programs that become effective July 1, 2009, are fast approaching. Congress has stepped up its pace over the past several years, amending the Higher Education Act of 1965 (HEA) through the College Cost Reduction and Access Act of 2007 (CCRAA), the Ensuring Continued Access to Student Loans Act of 2008 (ECASLA), and the Higher Education Opportunity Act of 2008 (HEOA, or reauthorization). Many of those changes have a delayed effective date of this July 1.

Professional Judgment provisions

Examples of special circumstances that financial aid administrators may consider as factors in adjusting the expected family contribution calculation or the cost of attendance (CCRAA) include:

- The loss of employment of an independent student
- Cases where a family member is a dislocated worker
- Cases where a change in the student's housing status results in homelessness

Grant-related provisions

- Availability of Academic Competitiveness Grants (ACG) and National SMART Grants to eligible non-citizens and students enrolled at least half time (ECASLA and HEOA)*

- ACG and National SMART Grant awards based on grade level, instead of academic year (ECASLA and HEOA)*
 - Availability of ACG awards to students enrolled in a one- or two-year certificate program at a degree-granting institution (ECASLA and HEOA)*
 - Availability of a first-year ACG award to otherwise eligible students who were once enrolled in an undergraduate program as part of a secondary school program of study and to transfer students who are first-year students (ECASLA and HEOA)*
 - Extension of National SMART Grant eligibility to the fifth year of an eligible five-year program (ECASLA and HEOA)*
 - Availability of National SMART Grants to students enrolled in a qualifying liberal arts program (ECASLA and HEOA)*
 - Availability of two consecutive Pell grant-scheduled awards during a single award year (year-round Pell grant) to eligible students (HEOA)
 - Pell grant ineligibility for a student who is subject to an involuntary civil commitment after completing a period of incarceration for a forcible or nonforcible sexual offense (HEOA)
 - Availability of maximum Pell grants for an otherwise eligible student whose parent or guardian was a member of the Armed Forces and died as a result of performing military service in Iraq or Afghanistan after September 11, 2001, provided that the child was under 24 years old or was enrolled in college at the time of the parent or guardian's death (HEOA)
- * In order to make timely grant awards for the 2009-2010 award year, ED issued interim final regulations on May 1 and accepted public comment through June 1 for these provisions.

Loan-related provisions

- Reduction of interest rate for subsidized Stafford loans for undergraduate students first disbursed on or after July 1, 2009, and before July 1, 2010, from 6.0 percent to 5.6 percent (CCRAA); see the "Question of the Week" in [Shoptalk Online](#) edition 435 for more details
- New Income-Based Repayment plan that offers affordable payments based on the borrower's income (CCRAA); see *TG Online's* comparison of [repayment plans](#), [Income-Based Repayment page](#) and [calculator](#) and *Shoptalk Online* editions [506](#) and [507](#)
- New borrower disclosures during repayment (HEOA)

- for any loan for which the first payment is due on or after July 1, 2009, for the required bill or statement and required disclosures to borrowers having difficulty making payments, and
 - for any loan that becomes delinquent on or after July 1, 2009
 - New economic hardship deferment (HRD) provisions†, including
 - definition of “family size”
 - clarification that poverty guidelines used to determine HRD are issued by the U.S. Department of Health and Human Services
 - guidance that the guideline that is relevant to a borrower’s family size for the 48 contiguous states should also be used for a borrower who is not a resident of a state listed in the guidelines, and
 - elimination of HRD categories based on the 20/220 provisions
 - New provisions for the post-active duty deferment†, including
 - clarification that a borrower’s eligibility for this deferment terminates if the borrower returns to at least half-time enrollment status
 - clarification that a borrower returning from active duty who is in a grace period is not required to waive the grace period to use this deferment
 - clarification that active state duty for members of the National Guard includes both active state duty under which a governor activates members of the National Guard under state statute or policy and the activities are paid for with state funds; and active state duty under which a governor, with the approval of the president or the U.S. secretary of defense, activates members of the National Guard and the activities are paid for with federal funds. Active state duty does not include a borrower who is serving full time in a permanent position with the National Guard, unless the borrower is reassigned as part of a call-up to active duty service
 - New provision for the Military service deferment† that authorizes loan holders to grant a military service deferment to an otherwise eligible borrower for an initial deferment period not to exceed 12 months based on a request from either the borrower or the borrower’s representative
 - New provisions† that if a borrower is eligible for both the 180-day military service deferment following the borrower’s demobilization, and the 13-month post-active duty student deferment, the borrower’s eligibility for these separate deferments runs concurrently
- † These provisions were established by the final rules implementing the CCRAA, published on October 23, 2008.

Questions

ED provided clarification on several CCRAA issues in *Dear Colleague Letter* (DCL) GEN-08-01. Changes made by ECASLA are covered in DCL GEN-08-08. See DCL GEN-08-12 for a summary of HEOA changes.

As always, *Shoptalk Online* will keep readers informed of any new developments and ED guidance regarding the implementation of legislative and regulatory requirements. In the meantime, if you have any questions, please contact TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgsllc.org.

TG updates

TG awards \$6.2 million in competitive grants to advance college access and student retention

TG has awarded more than \$6.2 million in competitive grants to 55 institutions and nonprofit organizations to advance access to college, student retention, and educational research. This is the fifth consecutive year that TG has awarded competitive grants through its Public Benefit Grant Program, the company's philanthropic initiative.

"These grants reflect our continued commitment to support programs that improve access to higher education, particularly for low-income students," said Sue McMillin, TG president and CEO. "By helping these programs to succeed, we believe we are making a difference that not only affects the students served, but also our communities, region, and country as a whole."

In awarding grant proposals, TG required recipients to use the funding to improve access to, or participation in, postsecondary education, and college retention. Grant funding was particularly targeted to help, either directly or indirectly, students from low- to moderate-income families. Priority was given to proposals that addressed the needs of first-generation college students, or students who are underrepresented in higher education.

TG's grant funds will go to support a variety of initiatives, including need-based grants to students; student mentoring and internships; pre-college outreach to students and families; academic support and instruction; student retention; student transfer guidance and support; and education research. Last year, TG awarded \$5.6 million in grants to 49 institutions and nonprofit organizations. These grants are in addition to \$2 million in annual direct grant aid for students that TG provides through the Charley Wootan Grant Program.

TG's Public Benefit Grant Program is administered based solely on merit and need, and without regard to the business of TG or any form of *quid pro quo* consideration.

To learn more

To find out more TG's Public Benefit Grant Program, visit *TG Online* at www.tgslc.org/publicbenefit.

Register now for TG's upcoming financial literacy symposiums

In the coming months, TG will offer several symposiums for schools that focus on building an effective financial literacy campaign for the college campus. The first 2009 Financial Literacy Symposium will be held in Houston on Monday, June 29, at the Embassy Suites Hotel near the Galleria, from 9:30 a.m. to 3:30 p.m., Central Time.

This is the second year in a row that TG has hosted a financial literacy symposium and the first year it will be offered in two locations. The free, one-day events supply forums where professionals can discuss techniques to help students manage their finances more responsibly.

Guest speakers for the Houston event include Kristy Vienne, director of Sam Houston State University's Student Money Management Center, and Mark Mielke, financial aid advisor at Texas A&M University, who will share their expertise and experience in providing financial literacy education programs.

Upcoming symposium

TG will also offer a second financial literacy symposium in Chicago on Tuesday, July 21. Guest speakers will include Bryant Anderson, director of Student Financial Services at Illinois College of Optometry in Chicago, and Janelle Wade, assistant director of Student Financial Assistance at Loyola University in Chicago.

More details about the Chicago symposium will follow in a future edition of *Shoptalk Online*.

Register online

For more information about TG's 2009 Financial Literacy Symposiums, or to register to attend either event, visit *TG Online* at www.tgslc.org/training/literacy.

For questions

To learn more about TG's upcoming symposiums, contact TG's financial literacy program manager Margie Harvey at (800) 252-9743, or send an e-mail message to margery.harvey@tgslc.org.

Legislative update

On May 20, the House Education and Labor Committee convened its initial public hearings to begin developing legislation that may dramatically reform the federal student loan programs and convert the Pell Grant program into an entitlement

program. The House Appropriations Committee convened on June 3 to begin the FY 2010 appropriations process. Secretary of Education Arne Duncan testified on the Department's request for \$46.7 billion in discretionary appropriations to administer the agency's programs. His testimony also focused on the Administration's proposal to end the Federal Family Education Loan Program (FFELP) and convert the resulting projected savings into funding for the Pell Grant program. Learn more about the latest legislative developments at www.tgslc.org/lege_report/2009/lr_090615.cfm.

This, that, and the other

Colleges are graduating more and more students who grew up using diverse forms of online media, including texting, chatting, tweeting, and instant messaging. In one regard, communicating online spurs writing — students readily spend hours blogging or otherwise writing short messages to each other. Whether this helps or hinders literacy levels is up for debate. Some scholars say that these new forms of writing engage students, and that colleges should encourage students to bring lessons from that writing into the classroom. Others argue that tweets and blog posts enforce bad writing habits and offer no help for producing the kind of sustained argument that academic work demands.

A new generation of longitudinal studies, which track large numbers of students over several years, is attempting to settle this argument, considering both the positive and negative effects of new media on writing.

Find out more about these studies by reading the complete *Chronicle of Higher Education* article online at <http://chronicle.com/free/v55/i39/39writing.htm>.

Note that the *Chronicle's* online site may require subscription to view some material.



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 Faszholz, Cindy Marrs, Art Martinez, Matt Smith, and George Torres. Edited by TG Communications and Policy and Regulatory Affairs. Designed by TG Communications.

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