

In this issue:

| | |
|---|----------|
| Federal updates | 1 |
| ED provides additional loan servicing information | 1 |
| Policies and procedures guidance | 2 |
| TG updates | 2 |
| TG awards grants to 299 Texas college students | 2 |
| Join TG for the Fall 2009 TG Users Group Meeting | 3 |
| TG now offers tools to promote Positive+Balance™ training sessions | 4 |
| Product spotlight: TG Loans By Web™ makes e-sign process easier for borrowers | 5 |
| Trends and issues | 6 |
| Cohort default rates: Back to basics | 6 |
| <i>Mapping Your Future</i> ® announces period of unavailability October 10-11 | 9 |
| Legislative update | 9 |
| This, that, and the other | 9 |

Tip of the Week

In February 2010, TG will offer a Financial Aid Leadership Symposium geared to help mid-level financial aid managers polish their leadership skills. Learn more about the workshop through [TG Online](#).

Federal updates

ED provides additional loan servicing information

ED has released the second in a series of Electronic Announcements (E-ANN) providing information on the transition to additional loan servicers beginning in September 2009. The first E-ANN (see *Shoptalk Online* edition [519](#)) provided an overview of the new servicing approach, details about the servicing of purchased FFELP loans beginning September 2009, and additional announcements and contact information.

In this E-ANN, ED provides customer service contact information and National Student Loan Data System (NSLDS) identifier information for all of its servicers as well as additional announcements and contact information.

More information

The full E-ANN is available on the Information for Financial Aid Professionals (IFAP) Web site at

<http://ifap.ed.gov/eannouncements/081609LoanServINSLDSnfoCustSer.html>.

Policies and procedures guidance

On September 10, ED announced the availability of its *Guide to Creating a Policies and Procedures Manual*. ED developed the guide to assist schools in creating and revising written documentation of how they comply with Title IV federal regulations. The guide features activities designed to help schools meet the minimum general requirements with regard to documented policies and procedures, and also highlights additional areas for which written policies and procedures are suggested in the *Federal Student Aid Handbook*.

More information

ED's full announcement is available at

<http://ifap.ed.gov/eannouncements/091009PolicyProceduresManualGuidance.html>.

The policies and procedures manual guidance is available through IFAP's Quality Assurance Web site at:

<http://ifap.ed.gov/qahome/qaassessments/makingofapandpmanual.html>.

TG updates

TG awards grants to 299 Texas college students

TG recently awarded \$1 million in college grant money to 299 Texas college students. The money was allocated as part of the corporation's Charley Wootan Grant Program, which provides grants ranging from \$1,000 up to \$4,245 to qualified undergraduate students.

The first-come, first-served, need-based grants were awarded to students for the 2009-10 academic year. Since 2000, TG has awarded nearly \$7.8 million through the program, named in honor of the late Dr. Charley V. Wootan, a former chairman of the TG Board of Directors.

"TG works every day to help students realize their higher education dreams," said Sue McMillin, TG president and CEO. "Through the Charley Wootan Grant Program, we are able to help cover some of the expenses for attending college, and hopefully lessen the financial burden these students may experience while in school."

TG's total allocation for the 2009-10 award year was \$2 million, of which \$1 million was distributed to students in other states, the District of Columbia, or U.S. territories. The grant program is open to students who:

- Are high school seniors or graduates who plan to enroll — or are students already enrolled at least half time — in an undergraduate course of study at a Title IV 2- or 4-year college, university, or vocational technical school;
- Demonstrate financial need; and
- Are eligible to receive Title IV federal financial aid funding.

The Charley Wootan Grant Program is independently managed by Scholarship Management Services, a program of Scholarship America, the nation's largest nonprofit, private-sector scholarship and educational support organization.

About the Charley Wootan Grant Program

To find out more information about the Charley Wootan Grant Program, visit TG's *Adventures In Education* Web site at www.AIE.org.

There is no correlation or connection between TG's selection of recipients for grant awards and an institution's or individual's business relationship or potential business relationship with TG. Participation in TG's Charley Wootan Grant Program does not require or impose any *quid pro quo* condition.

Join TG for the Fall 2009 TG Users Group Meeting

The TG Users Group (TUG) offers a community of support for users of TG's products and services. As TUG members, schools and lenders can learn more about TG processes and services and share information with colleagues. The group also works as a conduit, providing suggestions to TG for improving its suite of products.

TG hosts a TUG meeting in the fall and then again in the spring in conjunction with the TG Annual Training Conference. These opportunities provide a time to train TG users on new and enhanced products as well as a forum to discuss operational issues or changes in processing.

The Fall 2009 TUG Meeting will be held on November 5 at the TG Campus in Round Rock, Texas. The TUG Board and TG have outlined a [tentative agenda](#); additional agenda suggestions can be submitted to any [TUG board member](#) or to [Sheila Casey](#) by September 30, 2009. The agenda will cover the following topics along with many others:

- TG product updates and strategies
- Loan program transition and service gaps discussion
- School certification plans
- Put processing considerations

- Positive+Balance CommunitySM feedback
- List AssistSM enhancements — alternative loan processing

TUG board member vote

Some TUG board members will soon be ending their terms. TG is soliciting nominations for these board positions. Keep in mind that TUG's board members must represent TG's state and national client base.

TG welcomes nominations for TUG board member candidates who ideally meet the following criteria:

- Are knowledgeable about TG tools;
- Can participate in 4-8 conference call meetings a year; and
- Can attend the fall TUG meeting and the TG Annual Training Conference in Austin.

Please forward your nominations to a current [TUG board member](#) or to [Sheila Casey](#) by Friday, September 25, 2009. An online ballot will be sent via TG Message CentralSM in October 2009. New TUG Board members will be introduced at the Fall TUG meeting.

Register to attend the TUG meeting

School and lender customers can register for the Fall 2009 TUG Meeting [online](#).

For more information about TUG

Any school or lender that uses TG products is automatically enrolled as a member of TUG. To learn more about TUG, its board of directors and officers, its mission and goals, and other details, refer to *TG Online* at www.tgslc.org/tug/index.cfm.

For questions about TUG, contact Sheila Casey at (800) 252-9743, ext. 4576, or send an e-mail message to sheila.casey@tgslc.org.

TG now offers tools to promote Positive+BalanceTM training sessions

TG offers a variety of financial literacy resources and training through Positive+BalanceTM, an extensive financial literacy training program. To help school users promote TG's Positive+Balance training sessions, TG is now offering a variety of session flyers and e-mail banners. These promotional materials can be downloaded free from TG's [Positive+Balance CommunitySM](#), a Web site that offers financial literacy presentations and other tools to educators and financial aid professionals.

Templates ready to print and use

TG provides training session flyers and e-mail banners customized for each Positive+Balance session, along with digital images that can be imported and used in electronic announcements. Printable flyers are available in Adobe Acrobat Reader® format. Schools can add relevant information and distribute materials as needed. E-mail banners are available in graphic file formats for pasting into e-mail messages or other electronic invitations to students. Backgrounds include example text to consider when preparing announcements.

All resources are now available in the “File Library” section of the Positive+Balance Community, under the heading “TG Positive+Balance Promotional Tools.”

Other resources



The Positive+Balance Community features an online library of financial literacy resources, all of which are free and easy to download. Positive+Balance presentations and training materials are available in the file library, in addition to educational resources from other reputable sources such as the Federal Trade Commission (FTC) and the Federal Deposit Insurance Corporation's (FDIC) Money Smart program. Members can also contribute their own training materials to the online file library.

"We work to provide strong resources on financial literacy through the Positive+Balance Community," said Margie Harvey, TG's financial literacy segment manager. "We encourage members to contribute and share their own resources so that other schools can benefit. We want the Positive+Balance Community to be a real community effort."

To learn more

To register with the Positive+Balance Community and learn more, visit www.PositiveBalance.org. To learn more about TG's financial literacy initiatives, contact Margie Harvey at (800) 252-9743, or send an e-mail message to margery.harvey@tgslc.org.

Product spotlight: TG Loans By Web™ makes e-sign process easier for borrowers

TG works to provide a convenient, simple process for borrowers completing a federal student loan application. Borrowers can use TG's online loan application tool, TG Loans By Web™, to complete a student loan application, complete online counseling through a third-party Web site, begin the credit check process (for PLUS loans), and e-sign a promissory note.

TG Loans By Web's e-sign feature offers a fast and easy connection to a lender's e-sign Web site or to TG's e-sign process, if a lender prefers to use TG's e-sign process. After initiating or completing a loan application, the borrower is presented with the option to e-sign a prom note. Borrowers who choose to e-sign a note will automatically be routed to the lender's Web site to complete the e-sign process.

Implementing e-sign with TG

Lenders using TG Loans By Web can offer e-sign for the pre- and/or post-guarantee processes. In addition, lenders can choose to offer e-sign by loan type or combination of loan types, including Stafford, PLUS, and Grad PLUS. For each of these choices (process and loans type), the lender must provide TG with the appropriate e-sign URL. TG stores this information and uses it for routing borrowers to the correct Web address to e-sign for a loan. TG can offer borrowers its own e-sign process, if lenders prefer.

In order to maintain a seamless routing process for borrowers, TG must have the most current e-sign information from lenders. TG can work with lenders to verify whether URL information is current and then make any necessary updates. Lenders should notify TG when their e-sign portal experiences down time. This will help TG's call centers answer borrower questions.

To learn more

If you have questions about the TG Loans By Web e-sign process or would like to update your e-sign information with TG, please contact your TG lender consultant at (800) 252-9743. You can also send an e-mail message to lender.requests@tgslc.org.

Trends and issues

Cohort default rates: Back to basics

While some schools may regard cohort default rates (CDRs) with some trepidation or anxiety, understanding the basics of CDRs can go a long way toward empowering a school to take steps to manage and positively influence its CDR. This article will define the term cohort default rate, explain how it is calculated (including which loan types are included in the calculation), and compare and contrast draft and official CDRs.

What is a CDR and how is it calculated?

A school's CDR is the percentage of a school's federal student loan borrowers that enter repayment within the cohort fiscal year (denominator in the formula below) and default within the cohort default period (numerator). The cohort default period is the two-year period that begins on October 1 of the fiscal year when the borrower enters repayment and ends on September 30 of the following fiscal year.

For example, for the fiscal year 2007 (FY07) official rates that were published earlier this month, the CDR calculation was performed as follows:

Number of borrowers who defaulted between
October 1, 2006, and September 30, 2008

Number of borrowers who entered into repayment
between October 1, 2006, and September 30, 2007

Keep in mind that the CDR formula will be calculated on a three-year basis beginning with the FY 2009 cohort. In other words, the calculation for the first three-year CDR, which will be issued in draft form in February 2012 and as official rates in September 2012, will be performed as follows:

Number of borrowers who defaulted between
October 1, 2008, and September 30, 2011

Number of borrowers who entered into repayment
between October 1, 2008, and September 30, 2009

What loans are included in the CDR?

The CDR formula only includes borrowers with certain types of loans. The following loan types are included in the calculation:

- FFELP subsidized and unsubsidized Stafford loans and Supplemental Loans for Students (SLS)
- Direct subsidized and unsubsidized Stafford Loans
- Portions of FFELP or Direct Consolidation loans used to repay any Stafford loans or SLS loans, if the Consolidation loan defaults within the cohort default period that is applicable to the underlying loan(s)

The following loan types are not included in the CDR:

- FFELP and Direct Grad PLUS and Parent PLUS loans
- Perkins loans
- TEACH grants that have been converted to unsubsidized Direct Stafford loans
- Private or alternative education loans

Draft and official CDRs

Once the CDR is calculated, ED releases draft (unofficial) CDRs only to schools in February of each year. There are no sanctions or benefits associated with the draft CDRs, but they are important because they form the basis of a school's official CDR. It is important to review the data used to calculate the draft CDR. If it is incorrect, the school may submit a challenge to that data within the specified timeframe. This may be more beneficial to the school given that a school that fails to challenge the

accuracy of its draft CDR is more limited in contesting the accuracy of the data when it receives its official cohort default rate.

Official cohort default rates are released to schools and made available to the general public each September. Opportunities for appeals and adjustments are limited at this time, as many potential errors in the data used to calculate the CDR should have been corrected after the draft rates were published the previous spring.

There are benefits for schools with low rates; for example, exemption from the multiple loan disbursement requirement and the requirement to delay delivery of funds to undergraduate, first-year, first-time borrowers. Conversely, schools with high rates may be subject to provisional certification and/or sanctions, such as loss of eligibility to participate in the FFELP, Direct Loan, and/or Pell programs.

What can a school do to manage its CDR?

Schools should take a proactive approach to managing their CDRs. Reviewing borrower information from NSLDS on a monthly basis enables the school to monitor and correct borrower information, such as enrollment status. Schools that monitor borrower repayment and default status can contact data managers as errors occur, instead of waiting until the release of the draft CDRs to correct the information. This makes the review effort more manageable and may result in a lower draft CDR.

More information

Plan to attend TG's "Managing Your Cohort Default Rate" webinar on October 5, 2009, from 2 p.m.-3 p.m. Central Time, for more information about

- how a school's CDR is calculated,
- the transition from a two-year to a three-year calculation,
- as well as a discussion about TG's Integrated Default Aversion™ (IDA™) and how it can help schools to manage their CDRs.

Registration for this webinar is available [online](#).

Please also visit TG's [Default Prevention Internet Resources](#) page to access a wealth of CDR and default prevention-related resources, including the *Cohort Default Rate Guide Quick Reference* and other ED publications, online student loan debt management resources for borrowers, personal finance organizations, research reports, fact sheets, and more.

Watch future editions of *Shoptalk Online* for additional CDR-related articles, and if you have questions, please contact TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgslc.org.

***Mapping Your Future*[®] announces period of unavailability October 10-11**

Mapping Your Future[®] will make major enhancements to its Web site on October 10 and 11, making unavailable various products and services over that weekend.

Products and services that will be unavailable include:

- **Online Student Loan Counseling** — Students will not be able to complete counseling sessions, nor will they be able to retrieve their counseling record for a previously completed session.
- **Integration of Loan Counseling** — If an MPN is integrated with Online Student Loan Counseling, the system will not be able to query the database to verify if a student has completed loan counseling.
- **Financial Aid Office (FAO) Access Area** — Schools will not be able to log into their accounts.
- **SchoolExpress** — Schools will not get a response.
- **ExitExpress** — Guarantors will not get a response.
- **ServicerExpress** — Servicers will not get a response.

These enhancements are needed due to the increased volume of students completing counseling sessions and the increased number of counseling confirmation queries by schools and guarantors.

More information

For questions or more information, contact CariAnne Behr at (573) 634-8641, or send an e-mail message to carianne@mappingyourfuture.org.

Legislative update

On September 17, the House passed the Student Aid and Fiscal Responsibility Act of 2009 (H.R. 3221). The bill will now be referred to the Senate Health, Education, Labor, and Pensions (HELP) Committee, which will probably report its own bill to the full Senate by the end of September. The Senate may pass its version of a bill by early October. A House and Senate conference committee will then make adjustments for any differences between the two versions of H.R. 3221, which the Congress will then pass and send to the President. Learn more about the latest legislative developments online at www.tgslc.org/lege_report/2009/lr_090918.cfm.

This, that, and the other

Many factors weigh into a student's choice of college, including a school's cultural offerings, internship opportunities, and more. The American Institute for Economic

Research offers a publication, the *College Destinations Index: 2009-10 Edition*, that helps students assess a school's broader learning environment.

The index categorizes more than 360 metropolitan areas by four tiers based on population size. The publication then ranks the top destinations in each tier according to 12 measures that range from student concentration to entrepreneurial opportunities. The survey further organizes schools into three categories — academic environment, quality of life, and professional opportunities.

Find out more about this newest guide to the nation's postsecondary institutions [online](#).



P.O. Box 83100
Round Rock, TX 78683-3100
(800) 252-9743
(512) 219-5700
(512) 219-4560 TDD

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.

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: Andres Cordero, Rob Davenport, Cindy Marrs, Art Martinez, George Torres, and Kristina Tirloni. Edited by TG Communications and Policy and Regulatory Affairs. Designed by TG Communications.

©2009 Texas Guaranteed Student Loan Corporation.
Ask TG and the TG logo are trademarks of Texas Guaranteed Student Loan Corporation.