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Tip of the Week

The myTGSM portal offers TG borrowers an easy, online way to track their payment history, download forms, and update details of their personal information including an address. Borrowers can register [online](#) to use the account management tool.

TG updates

TG works with families and students to overcome barriers to college

A recent White House study found that a lack of income and information are the chief obstacles to students seeking a college education. Students from lower-income backgrounds were especially vulnerable to these challenges. Many such students have neither the support at home nor encouragement from peer groups to enroll in college. They also often believe college is financially unattainable. TG is striving to help these students with a variety of online and in-person resources. TG's work in Texas illustrates just how TG is reaching out to families and students.

Financial barriers in Texas

According to data in TG's [State of Student Aid and Higher Education in Texas](#), more than a third of college undergraduates in Texas come from families with lower-income backgrounds (less than \$40,000 per year). More than 50 percent of

students are considered independent, meaning they may be 24 years old or older, married, or have dependents of their own, and do not receive financial support from parents. Texas students are also likely to be the first in their families to pursue an education beyond high school.

"The thought of enrolling in and paying for college can be overwhelming for some families and students," said Richard Sapp, TG director of pre-college success. "Using TG's online resources, students can find the information to help them overcome the barriers to college access and success."

TG's online support

According to Sapp, some of the anxiety felt by families can be attributed to a lack of knowledge of the college application and financial aid processes. TG provides help, including information on college admissions, through its public service Web site, *Adventures In Education* (www.AIE.org). *Adventures In Education* offers a variety of tools to help families and students in their educational pursuits, including:

- A scholarship search engine;
- Federal student loan information;
- A Free Application for Federal Student Aid (FAFSA) instructional video in English and Spanish; and
- Information on TG's Charley Wootan Grant Program, which offers scholarships to aspiring students.

A personal touch

For families and students who need additional help, TG provides support through the TG Ambassador Program. Ambassadors attend financial aid fairs and college preparation workshops at high schools, colleges, and other venues. They offer guidance on the benefits of a higher education, explain the financial aid and admissions processes, and direct students to additional resources.

In collaboration with the Texas Higher Education Coordinating Board (THECB), TG operates the Texas Financial Aid Information Center (TFAIC), a toll-free call center serving as a single point of contact for Texas families and students. TG team members provide assistance in English and Spanish, addressing questions related to the college admissions and financial aid processes.

Find out more

TFAIC can be reached at (888) 311-8881. For more information related to TG's services, visit [TG Online](#).

TG offers sessions on IBR, financial literacy, and more at the 2009 TASFAA Fall Conference

The 2009 Texas Association of Student Financial Aid Administrators (TASFAA) Fall Conference offers three days of focused training on legislative change and industry practice. Held from October 7-9 in Dallas, the conference features sessions on student financial literacy, default prevention, and the newest repayment option — Income-Based Repayment.

At this year's event, TG will present five workshops on a variety of regulatory topics as well as professional development subjects such as leadership in times of transition. Be sure to join your TG colleagues at these seminars, each of which has been crafted to answer questions and spur dialogue.

- **Best Practices in Customer Service**

Over years of work with financial aid administrators, TG has developed a list of customer service principles designed specifically for financial aid offices. In this workshop, participants will identify specific steps and procedures that have proven successful in implementing good customer service. They will also take away dozens of best practices and a copy of TG's new publication, *Customer Service in Financial Aid*, which reinforces the link between customer service and student recruitment and retention.

- **Building a Successful Financial Literacy Program**

More than ever, students must understand the basic principles of money management in order to make smart financial choices. This workshop will provide student aid professionals with critical information and skills to create and sustain a campus-based financial literacy program. Participants will explore strategies for developing a financial literacy initiative. They'll also learn how to identify areas for improvement, take away best practices from specific case studies, and hear about TG's financial literacy tools and solutions.

- **College Access and Affordability Campaign**

TG works to educate students and families about the importance of higher education and how they can obtain and finance a college education. During this panel presentation, you will learn how TG connects with families about higher education, using radio, TV, DVDs, and print media. The panel features members of the financial aid community, collegiate outreach specialists from both secondary and postsecondary institutions, and a media representative.

- **Income-Based Repayment**

Income-Based Repayment (IBR), the newest student loan repayment plan, may potentially benefit a variety of borrowers by minimizing monthly payments and, in some cases, providing loan forgiveness. Educating borrowers about this repayment plan and its benefits will be important to realizing IBR's full potential.

This session presents a high-level introduction to the IBR plan, including how borrowers qualify for IBR, the forgiveness component of IBR, the benefits IBR provides to the borrower and the school, and ideas for educating borrowers about IBR.

- **Leading Your Team Through Challenging Times**

If you're struggling with the pace of industry change, you're not alone. Many financial aid offices face challenges in multiple areas, including budgets, work load, and technology. To help lead your team through these times, TG offers a fun, interactive workshop featuring various exercises for individuals and small groups.

To learn more

Would you like to learn more about the many 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 tailor training to meet the needs of your financial aid office. To schedule a program, contact your TG account executive at (800) 892-1357, or send an e-mail message to relationship.management@tgslc.org.

Mark your calendar for TG's upcoming industry webinars

In the next several months, TG will offer a variety of webinars on legislative, regulatory, and policy issues. As with all TG training webinars, these events will be offered free of charge to the financial aid community. Here are short synopses of each session.

- **Managing Your Cohort Default Rate** (Monday, October 5, 2 p.m.-3 p.m. Central Time)

In this webinar, participants will learn how a school's CDR is calculated and how the HEOA has affected CDRs, including the shift from a two-year to a three-year calculation. The webinar will explore the benefits for schools with low default rates and the consequences of higher default rates. Participants will also learn about TG's Integrated Default Assistant™ (IDA™) and how it can help schools to manage their CDR.

- **Getting Familiar with Electronic Resources** (Thursday, October 15, 2 p.m.-3 p.m. Central Time)

Discover how to access and use several legislative-, regulatory-, and policy-related resources available to FFELP participants, including electronic publications, industry Web sites, and other electronic resources.

- **Federal Update** (Monday, November 9, 2 p.m.-3:30 p.m. Central Time)

This session will provide information on recent activities that may affect the FFELP and other federal student aid programs. Updates on various issues will be

provided, including federal common forms, *Dear Colleague/Partner* letters issued by the Department of Education, proposed and final federal regulations, and pending legislation.

- **FFELP and Direct Loan Discharge and Forgiveness** (Thursday, November 19, 2 p.m.-3 p.m. Central Time)

Federal loan discharge and forgiveness programs provide borrowers with debt relief in certain circumstances. Generally, discharges help borrowers who are experiencing serious life disruptions, and forgiveness programs encourage borrowers to work in certain professions, in exchange for forgiveness of all or part of their student loan debt. This webinar provides an overview of the programs available to FFELP and Direct loan borrowers.

- **Entrance and Exit Counseling** (Thursday, December 17, 2 p.m.-3 p.m. Central Time)

Entrance and exit counseling are two of the most important tools in default aversion. Since schools are responsible for ensuring that every borrower completes the required entrance and exit counseling sessions, it is important that financial aid administrators be properly trained in meeting all statutory and regulatory counseling requirements. In this session, participants will learn the basic requirements of loan counseling, explore specific strategies for counseling students effectively, and identify resources to enhance understanding of loan counseling requirements.

To register

Registration for all of these webinars is currently available at www.tgslc.org/training/webinars/industry.cfm. Schedules for additional webinars will be published quarterly. Watch *Shoptalk Online* for notification of registration availability for future webinars.

Using the Return to Title IV funds change transaction

During peak season, colleges, universities, lenders, and guarantors process billions of dollars in disbursements, often within the short timeframe of a few days. Inevitably some of these funds must be returned to the original disburser for various reasons — student ineligibility or a miscalculation in amounts, for example. To return Title IV funds, most schools follow CommonLine protocol, creating change transactions that follow specific standards for the exchange of data. To help schools as they create these transactions, *Shoptalk Online* provides a short refresher course on the Return to Title IV funds change transaction.

Transaction details

The Return to Title IV Funds change transaction, or change request, is otherwise known as a School Refund. The change transaction is submitted as a post-

disbursement change transaction. For CommonLine version 4, the transaction number is @1-11; for CommonLine version 5, the transaction is an @1-28.

The School Refund change request should only be used if all of the following criteria are met –

- The student is deceased or withdraws from school; or
- The student attended at least one day of class; and
- Funds were released to the student or applied to the student's account.

If the return does not meet all of the specified criteria, the school should use another type of change request. In most cases, this will mean using the post-disbursement, full or partial, disbursement cancellation — an @1-10 for both CommonLine 4 and 5.

Change transaction help

To help schools, as well as lenders and servicers, in successfully processing a variety of change requests, TG offers two useful resources which can be accessed through *TG Online*:

- The [Quick Reference Guide for CommonLine Change Transactions](#) offers a user guide which details how to process each particular change request type.
- The [Change Transaction Types and Functions Reference](#) provides a one-page chart which offers a brief description of the most commonly used change request types.

To learn more

If you have any questions about the processing of change transactions, please contact TG product support at (800) 332-1455, or send an e-mail message to product.support@tgsdc.org.

TG's Real Time Access offers instant answers to your TG loan and disbursement questions

Are there times when you would like to check the status in "real time" of a loan or a disbursement made through TG? You may have questions such as: When was the loan guaranteed? Has a disbursement been cancelled? What was the disbursement date? All of this loan information can be accessed easily and quickly through TG's Real Time Access (RTA) application.

Many functions, one tool

Available through AdvanTG Web™, RTA provides a direct connection to TG's mainframe and allows schools, lenders, and servicers to view loan history and data, including guarantee date, school and lender ID, scheduled disbursement dates and

amounts, loan status, and much more. In addition, various loan updates can be performed.

Below are a few examples of how schools can use RTA to view and/or update information. (Note that a user's access level will affect his or her ability to use the application.):

- Make scheduled disbursement date and amount changes.
 - Reduce a disbursement amount (pre-disbursement).
 - Fully cancel disbursements (pre- and post-disbursement).
- Reinstate loans to "in school," "repayment," or "grace" status.
- Modify servicer ID and date information.
- Change EFT disbursement information.
 - Schools can modify "hold/release" disbursement status.
 - Lenders can approve the disbursement.

To learn more about RTA

To help users make the most of the functionality available to them, TG offers "How to" handouts for the items listed above. For more information, please contact your TG account executive at (800) 252-9743, or send an e-mail to relationship.management@tglsc.org.

If you have any technical questions about any of TG's products, please contact TG product support at (800) 332-1455, or send an e-mail message to product.support@tglsc.org.

Trends and issues

Cohort default rates: Special situations

In this article, *Shoptalk Online* explores some of the more unusual or confusing aspects of the cohort default rate (CDR) calculation. Much of the information provided is based on ED's *Cohort Default Rate Guide and Cohort Default Rate Guide Quick Reference*. See the "More information" section at the end of this article to learn how to access these and many more CDR-related resources.

Keep in mind as you read that currently, 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. Beginning with rates calculated for the FY 2009 cohort, however, the cohort default period will span three years rather than two years. The benefits and sanctions associated with a

school's official CDR will also change beginning with the three-year rate published in September 2014.

When is a loan in default?

The timeframe for determining whether a loan is in default differs between the FFELP and Direct Loan programs.

The holder of a FFELP loan can submit a default claim on the loan to the guarantor that guaranteed the loan when a loan becomes over 270 days delinquent. For CDR purposes, a FFELP loan is considered to be in default only if the guaranty agency has paid a default claim on the loan to the lender. The date the guaranty agency reimburses the lender for the defaulted loan is used to determine if the borrower will be included in the calculation. If the date the claim is paid on a FFELP loan is within the cohort default period, the loan is included in the numerator of the CDR.

A Direct Loan is considered in default for CDR purposes after 360, rather than 270, consecutive days of delinquency. The date the loan becomes 361 days delinquent is used to determine if the borrower will be included in the calculation. If the date the loan reaches 361 consecutive days of delinquency is in the cohort default period, the loan is included in the numerator of the CDR.

CDR calculation questions

Q.: Can the school make a payment on the borrower's behalf in order to keep the loan from affecting its CDR?

A.: No. If a school owner, agent, contractor, employee, or any other affiliated entity or individual makes a payment to prevent a borrower's default on a loan that entered repayment during the cohort fiscal year, the loan is considered in default for CDR purposes.

Q.: How do consolidation loans affect the numerator of the cohort default rate calculation?

A.: Although FFELP and Direct Consolidation Loans are not directly included in the CDR calculation, a defaulted consolidation loan may cause a borrower to be included in the numerator of the CDR calculation. This occurs if the consolidation loan defaults within the cohort default period that is applicable to the underlying loan(s).

Q.: Is there a different calculation for schools with a low numbers of borrowers entering repayment in a fiscal year?

A.: Yes. The Non-Average Rate Formula, shown below, is used for a school with 30 or more borrowers entering repayment during a cohort fiscal year.

Number of borrowers who defaulted or met other specified condition during the three-year cohort default period

Number of borrowers who entered repayment in the cohort fiscal year

On the other hand, the Average Rate Formula is used to calculate the official cohort default rate for a school with 29 or fewer borrowers entering repayment during a cohort fiscal year. It is used, however, only if that school had a CDR calculated for the two previous cohort fiscal years.

Number of borrowers who defaulted or met other specified condition during the two-year cohort default period for the cohort fiscal year in which they entered repayment

Number of borrowers who entered repayment in the cohort fiscal year and the two preceding fiscal years

In calculating a school's draft CDR, ED always uses the non-average rate formula. Since the draft rate is based only on a school's current cohort fiscal year data, schools with 29 or fewer borrowers entering repayment cannot use the draft rate to anticipate their official cohort default rate. Instead, those schools must perform a manual calculation using the average rate formula to anticipate their official CDR.

In calculating a school's official CDR, ED uses the non-average rate formula or the average rate formula, depending on the number of borrowers entering repayment.

Sanctions and benefits

Q.: What's the difference between a sanction and a benefit?

A.: There are both sanctions and benefits associated with high and low CDRs, respectively. A sanction imposes a penalty or restriction upon a school with a CDR that exceeds a certain percentage. A benefit allows a school with a CDR below a certain percentage to be exempt from select federal cash management requirements. The sanctions and benefits described here are those currently in effect; both will be modified beginning with the three-year rate published in September 2014. Watch *Shoptalk Online* for future articles about the transition to a three-year rate.

Sanctions for schools with high official cohort default rates

The following sanctions apply when a school's official CDR is at or above certain percentages. If a school is notified that it is subject to sanction, the school may submit an adjustment or appeal to attempt to avoid that sanction. Adjustments and appeals are available to schools after the release of the official cohort default rates.

Challenges are available to schools after the release of the draft cohort default rates.

Affected School	Sanctions
A school's three most recent official cohort default rates are 25.0 percent or greater.	Except in the event of a successful adjustment or appeal, the school will lose FFELP, Direct Loan, and Pell grant eligibility for the remainder of the fiscal year in which the school is notified of its sanction and for the following two fiscal years. School may also be subject to provisional certification.
A school's current official cohort default rate is greater than 40.0 percent.	Except in the event of a successful adjustment or appeal, the school will lose FFELP and Direct Loan program eligibility for the remainder of the fiscal year in which the school is notified of its sanction and for the following two fiscal years. School may also be subject to provisional certification.

Note: A school is not subject to the loss of Pell grant eligibility if, prior to October 7, 1998, the school requested in writing to withdraw from or lost its eligibility to participate in the FFELP and/or Direct Loan programs and has not subsequently participated in those programs. In addition, a school is not subject to the loss of Pell grant eligibility if it did not certify any FFELP loans and/or originate any Direct Loans on or after July 7, 1998. A school that resumes participation in the FFELP or Direct Loan programs is no longer eligible for either of these Pell grant exemptions.

Benefits for schools with low official cohort default rates

There are two benefits available to a school with a low official CDR, as described in the chart below. These benefits take effect as soon as the school receives its official CDR notification letter or notification of a successful adjustment and/or appeal from ED's Portfolio Performance Division (PPD; formerly named Default Prevention and Management). Schools no longer qualify for these benefits starting 30 calendar days after receiving notice from PPD of an official CDR that exceeds the benefit threshold.

Eligible School	Benefits
A school whose most recent official CDR is less than 5.0 percent and is an eligible home institution that is certifying or originating loans to cover the cost of attendance in a study abroad program.	<p>May deliver or disburse loan proceeds in a single installment to a student studying abroad regardless of the length of the student's loan period.</p> <p>May choose not to delay the delivery or disbursement of the first installment of loan proceeds for first-time, first-year borrowers studying abroad.</p>

Eligible School	Benefits
A school with an official CDR of less than 10.0 percent for each of the three most recent fiscal years for which data are available, including eligible home institutions and foreign institutions.	<p>May deliver or disburse, in a single installment, loans that are made for one semester, one trimester, one quarter, or a four-month period.</p> <p>May choose not to delay the first disbursement of a loan for 30 days for first-time, first-year undergraduate borrowers.</p>

Q.: Are there any consequences if a school submits an adjustments and/or appeals but fails to avoid sanctions?

A.: In addition to losing eligibility, a school that submits adjustments and/or appeals but fails to avoid sanctions is liable for certain costs associated with the FFELP loans it certified and delivered and/or the Direct Loans it originated and disbursed during the adjustment and appeal process. Liabilities are not calculated for loans that were delivered or disbursed more than 45 calendar days after the school submitted its completed adjustment or appeal to ED. Schools may avoid this liability if they choose not to certify or originate loans during the adjustment and appeal process.

Q.: If a school is subject to a sanction, when does the sanction take effect?

A.: The effective date of the sanction is dependent upon whether or not the school timely submitted an adjustment or appeal, and the current sanction status of the school.

Q.: What if the school doesn't have an official CDR?

A.: An official CDR cannot be calculated for a school with 29 or fewer borrowers entering repayment during a cohort fiscal year if the school did not have an official or unofficial rate calculated for either or both of the 2 previous cohort fiscal years. Such a school will have an unofficial rate calculated using the non-average formula and current year data. Unofficial rates don't meet the statutory definition for cohort default rates and cannot be used to determine sanctions and benefits.

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

You can download the latest version of ED's *Cohort Default Rate Guide* at <http://ifap.ed.gov/DefaultManagement/CDRGuideMaster.html>. 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*.

TG's [Default Prevention Internet Resources](#) page offers a wide variety of CDR and default prevention 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.

Questions

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

Policy potpourri

Q.: How is a school's cohort default rate (CDR) affected if a student borrower rehabilitates his or her Stafford loan(s) to bring them out of default?

A.: If the borrower rehabilitates his or her defaulted loans before the end of the cohort default period, the borrower is not included in the numerator of the CDR calculation because the borrower is no longer considered to be in default. If the borrower rehabilitates the loan after the end of the cohort default period, the borrower is considered in default for CDR purposes and is included in the numerator. The denominator remains unchanged.

Do you have a question?

Feel free to *Ask TG™*. *Ask TG*, TG's online query tool for borrowers, schools, and lenders, offers a database of frequently asked questions about financial aid, student loan processing, and TG's products and services. To submit a question, visit tgslc.custhelp.com.

This, that, and the other

Textbooks represent a growing portion of educational costs, one which some schools are trying to reduce by offering an online alternative. The University Press of Florida recently began providing free online textbooks for its students. Students can now go online to read books for classes in such topics as math, biology, history, chemistry, and more. The online option could save upwards of \$500 a semester for students enrolled in survey classes, according to administrators. Learn more about this [textbook bargain](#) for students at the University of Florida.



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