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### Tell us what you think of Shoptalk's new look

TG wants to know your thoughts on the redesigned *Shoptalk*. Please [contact us](#) with your comments and feedback.

### Smart Solutions

TG's weekly e-newsletter, *AIEmail*, offers information on college planning and preparation for high school students and their parents. Consider the [newsletter](#) for any outreach work you do with high school students.

## TG Report

### Fall 2009 TG Users Group Meeting replaced with webinars

To better accommodate schedules and provide information more conveniently, TG will offer a webinar in lieu of the Fall TG User Group (TUG) Board meeting. The webinar will cover many of the agenda items set for the TUG meeting; it will also be held twice — at two different times on Thursday, November 5.

## **Webinar topics — TG product update and Put processing considerations**

The November 5 webinar will provide an overview of TG's FY 2010 product plans and possible product and services strategies including:

- Origination and funding for FFELP and alternative, or private, loans
- TG's default prevention tool — the Integrated Default Assistant™ (IDA™)
- Making online payments through myTG<sup>SM</sup> — The myTG portal is TG's loan account management tool, which provides secure online access to borrowers for their TG loans. Borrowers in default now have the ability to make their loan payments online through myTG.
- Updates on TG's financial literacy program offerings
- Put processing considerations for both schools and lenders and TG enhancements to help schools and lenders facilitate the Put process

## **Webinar times**

- Thursday, November 5, 10 a.m. – 11 a.m. Central Time
- Thursday, November 5, 2 p.m. – 3 p.m. Central Time (repeat)

## **Register**

Join us for a discussion on the [latest updates to TG's products](#) as well as an overview of Put processing considerations.

## **Upcoming List Assist<sup>SM</sup> webinars**

TG has also scheduled several webinars on TG's enhancements to List Assist. List Assist provides an online tool for managing surveys used to create a recommended lender list for students. The survey tool is being enhanced to provide support for creating and managing alternative loan surveys. Register for the [webinar today](#).

## **To learn more**

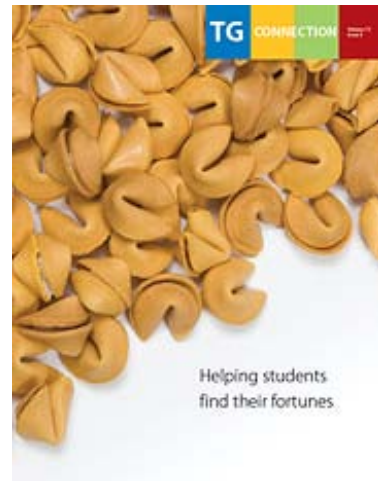
For questions, contact TG's product training coordinator Lisa Felder at (800) 252-9743, ext. 4758, or send an e-mail message to [lisa.felder@tgslc.org](mailto:lisa.felder@tgslc.org).

## **[Latest TG Connection explores how financial aid offices help students in a changing economy](#)**

A challenging market has prompted some students to rethink their college plans, according to a recent survey by the National Association for College Admission Counseling (NACAC). Among other findings, the survey reports that a greater number of graduating high school seniors are choosing less expensive schools,

including public universities close to home or 2-year community colleges. Others are opting to postpone college altogether in favor of working to earn money and gain practical work experience.

The latest issue of *TG Connection*, TG's quarterly news magazine, focuses on how colleges serve students during tough economic times. Particular articles examine college career centers as well as the various ways that 2-year colleges help students transition into life after college. Other articles consider how financial aid offices are working with financially stressed students. Here's a preview of the edition's articles.



- **Setting the mainsail: College career centers help students set a course for the next stage of their life's journey** — College career centers have been a long-time feature of many campuses, helping students plan for a career and acquire the skills to land a job. Over time, many centers have evolved. Now, instead of catering exclusively to seniors anxious to find job leads, many career centers start working with students as soon as they arrive on campus.
- **Communication: A time-tested tool helps financial aid administrators prepare students for the future** — While not always easy, candid communication helps in finding solutions for families and students who need financial aid. Strong communication skills can also serve to promote persistence rates or aid in responding to other challenges brought on by a shifting economy.
- **A practical guide to evaluating a financial literacy program** — More colleges are investing time and resources in creating financial literacy programs. Schools should regularly evaluate a program's effectiveness to make sure that students understand and retain critical financial skills. This article highlights the many ways a school can measure the quality of a program.
- **Dealing with debt: Financial literacy and today's student borrower** — Students sometimes take on educational debt and then struggle to repay it. This article describes how financial literacy programs are helping students better plan for life after graduation and manage their debt-to-income ratio.
- **Propelling students with 4-year college aspirations: Community colleges serve as a launch pad for low-income and first-generation students with loftier educational goals** — While the economy may be in a slump, many states are taking steps to promote a more prosperous future. Texas' Closing the Gaps initiative aims to increase student participation, student success, and research. A recent study by The Pell Institute recognized six Texas 2-year community colleges for their efforts to support the Closing the Gaps initiative.

The colleges all have programs designed to help low-income, first-generation students transfer to 4-year institutions.

### **Order your issue**

If you would like to request one or more issues of *TG Connection*, please send an e-mail message to TG communications at [communications@tgscl.org](mailto:communications@tgscl.org). Please allow one to two weeks for delivery.

## **TG to host Florida Community College Forum**

With a changing economy and shifting financial aid landscape, the 2-year college community finds itself facing new challenges, including growing enrollment and slimmer budgets. TG offers help through its Center for Financial Aid Policy in Community Colleges.

The Center works to raise awareness among state and national policymakers about effective financial aid policies and practices for community colleges and their students. The Center does this in a number of ways, including through small conferences or forums. The Center will hold a forum for Florida community colleges on November 5 at the Florida State College at Jacksonville.

### **Forum's agenda**

The Florida Community College Forum focuses on subjects important to community colleges, such as default aversion and the latest legislative changes. Financial aid professionals from Florida community colleges are invited to attend. The Forum is provided at no cost.

### **Meeting time and place**

Thursday, November 5, 2009  
8:30 a.m.-4 p.m. Eastern Time  
Florida State College at Jacksonville — Downtown campus  
Advanced Technology Center — Room T140  
401 West State Street  
Jacksonville, FL 32202

### **To register**

Join your community college colleagues at the Forum by registering at [www.tgscl.org/cfapcc/forum/fl\\_register.cfm](http://www.tgscl.org/cfapcc/forum/fl_register.cfm).

### **To learn more**

Find out more about the activities of the Center for Financial Aid Policy in Community Colleges at [www.tgscl.org/cfapcc](http://www.tgscl.org/cfapcc).

## Industry Update

### ED issues new loan purchase programs guidance

On October 14, 2009, ED released ECASLA Electronic Announcement (E-ANN) #73, regarding the second amended and restated Put Agreement.

In E-ANN #49, ED posted the Put Agreement between the U.S. Department of Education and The Bank of New York Mellon as Conduit Administrator and Eligible Lender Trustee and Straight-A Funding, LLC dated January 19, 2009, including Exhibits. The Put Agreement was amended on May 8, 2009, and posted in E-ANN #61.

This announcement supersedes E-ANN #61. The Put Agreement was amended again on July 31, 2009. Attached to this E-ANN (#73) are the [Executed Second Amended and Restated Put Agreement](#) and the [amendments](#) as reflected in the executed version.

#### More information

The complete announcement and attachments, as well as all previous ECASLA E-ANNs, are available on ED's ECASLA Web site at <http://federalstudentaid.ed.gov/ffelp>.

## Policy Resources

### Revisiting a classic *Dear Colleague Letter* on default prevention

With the upcoming transition from a two-year to a three-year cohort default rate (CDR) mandated by the Higher Education Opportunity Act (HEOA), schools may be thinking about what sorts of default prevention activities and techniques they can implement on their campuses before the first three-year rate is published in 2012.

Along with the transition to a three-year CDR, the HEOA also requires a school to establish a default prevention task force the first time the school's three-year CDR equals or exceeds 30 percent. The task force must prepare a default prevention plan that will:

- Identify the factors causing the rate to be 30 percent or greater;
- Establish measurable objectives and steps to improve future rates; and
- Specify actions that can be taken to improve student loan repayment, including counseling regarding loan repayment options.

But TG encourages all schools, even if they do not believe they will be significantly affected by this requirement, to more proactively assist their students in successfully repaying their loan obligations. Revisiting ED's *Dear Colleague Letter* (DCL) GEN-05-14 may be a solid first step in that process. An "oldie but a goodie," this letter announces ED's revised sample default prevention and management plan. The sample plan discusses regulatory requirements and suggested activities, which are categorized by enrollment — the early stages of enrollment, late stages of enrollment, and after students leave school. The DCL also provides sections on enhanced entrance and exit counseling and tools and activities for schools.

### **Early stages of enrollment**

Regulations require that first-time borrowers of FFELP and FDLP Stafford and Grad PLUS loans receive entrance counseling. The regulations also specify what topics must be covered during the counseling session. ED also recommends that schools provide financial literacy for borrowers, and encourages schools to provide financial literacy resources "at various stages of enrollment" and "at a minimum, at enrollment and following graduation or withdrawal."

Early identification and counseling for "at-risk" students is another early stage activity identified in the DCL:

Students at-risk generally refers to borrowers who withdraw prematurely from their educational programs, borrowers who do not meet standards of satisfactory academic progress, or both. Counseling at-risk borrowers should focus on the causes of withdrawal or unsatisfactory academic progress and solutions to resolve these matters. The end result of working with at-risk students will be more borrowers completing their educational programs, equating to a higher retention rate for the school and lower numbers of defaulted borrowers.

Communication across campus is another vital component of any default prevention plan. School communication procedures should be reviewed to ensure that they effectively relay relevant information, since doing so "not only ensures the right aid is getting to the right student, but such communication will help schools comply with regulations regarding the school's standards of administrative capabilities, accurate and timely reporting of borrowers' enrollment status, and satisfactory academic progress."

The DCL also states that having dedicated default prevention and retention staff has proven effective at many schools in that relationships with students may be nurtured from the time of enrollment to entering repayment. Where resources are limited, ED recommends combining these two functions into one position.

## **Late stages of enrollment**

ED emphasizes that when providing exit counseling, it is essential to provide “[i]n-depth counseling that focuses on fully explaining repayment plans and choices that fit the borrowers’ needs.”

Borrowers who withdraw before completion of their program of study have the highest risk of default and, if possible, should be reached while still on campus. Quick identification of these borrowers and timely assistance to help resolve the issue(s) that prompted the withdrawal can enhance student retention as well as lower rates of default. ED asks that schools “consider offering job placement services for a limited timeframe to students who have withdrawn. In addition to providing a valuable service, schools can take advantage of the borrower’s return to campus to provide counseling. Note that an employed borrower, even one earning less than if he/she had completed school, is better able to make loan payments than an unemployed borrower.”

## **After students leave school**

While required by regulation for all schools, timely and accurate enrollment reporting also promotes student success by ensuring that borrowers receive the benefit of the full grace period so that loan servicing contacts may be made at the appropriate time and in the proper order. ED states “[t]here is a direct correlation between late or inaccurate enrollment reporting and loan defaults” and recommends “a monthly schedule of reporting changes in enrollment status.”

To assist in maintaining accurate borrower enrollment reporting, schools can request a Date Entered Repayment (DER) Report from the National Student Loan Data System (NSLDS). The DCL recommends that schools compare the DER Report to its own records on a bi-monthly basis, and notes that “[r]eviewing the DER Report will result in more accurate data, assuring that borrowers enter repayment in the correct cohort year and that schools receive accurate CDRs.”

The DCL also recommends Early Stage Delinquency Assistance (ESDA), “a highly focused effort by lenders, guarantors, and schools ... to provide ... enhanced loan counseling, borrower education, and personal support during the grace period” to help certain borrowers, such as those who leave school before completing their program, who carry a higher risk of later default. In addition to ESDA, schools should use default aversion assistance offered by guarantors and similar assistance from the Direct Loan Servicer for borrowers who are at least 60 days delinquent.

Late Stage Delinquency Assistance (LSDA) may help borrowers who are more than 240 days delinquent. Schools can act as liaison between delinquent borrowers and guarantors or the Direct Loan Servicer by simply contacting borrowers — for example, by phone or e-mail a few times per month — and informing them that they have options and that the guarantor or servicer is a resource to help them.

It is clear that maintaining contact with former students is critical for successful implementation of many of these strategies. Cell phone numbers, e-mail addresses, and contact information from a variety of family members all contribute to maintaining contact. ED suggests that “[a]llowing borrowers to continue to use school e-mail accounts after they have left campus is ... a quick, easy, and effective method of contacting them.”

All schools, regardless of their CDR, should review the data in their NSLDS Loan Record Detail Report to ensure accuracy and that the calculation was based on the correct borrowers and loans. “It is the school’s responsibility to challenge incorrect data reflected in their draft CDR, or request an adjustment, or submit an appeal or inaccurate data as reflected in their official CDR.”

ED recommends identifying common defaulter characteristics, which may include “key information such as high school attended, program of study, demographics, grades, etc.” By using the results of this analysis to improve the school’s procedures, practices, and default prevention plan, “[s]chools promote success by taking preventive measures to correct ineffective practices thereby preventing current and future borrowers from experiencing the same difficulties that plagued past defaulters.”

### **Enhanced entrance and exit counseling**

In addition to the required components of entrance and exit counseling, ED recommends:

- Requesting cell phone numbers and e-mail addresses and family references beyond the items on the loan application during entrance counseling, and requesting updated information during exit counseling;
- Including repayment information, such as the borrower’s estimated monthly income that the borrower can reasonably expect to receive in his or her first year of employment, estimated total loan balance upon program completion, and lender(s) contact information; and
- Providing reminders of personal finance management, such as maintaining contact with lender(s) and/or loan servicer(s), and other financial literacy information.

### **Tools and activities for schools**

ED also provides recommended online resources to help schools with loan counseling, enrollment reporting and data accuracy, default prevention, and general publications.

## For more information about default prevention

TG provides links to ED's [CDR resources](#) in one convenient place. For more information about the HEOA's impact on CDR calculations and the transition to three-year rates, see TG's archived webinar "Managing Your Cohort Default Rate" at [www.tgslc.org/training/webinars/webinars1005.cfm](http://www.tgslc.org/training/webinars/webinars1005.cfm).

The complete DCL is available on the Information for Financial Aid Professionals (IFAP) Web site at <http://ifap.ed.gov/dpcletters/GEN0514.html>. If you have questions, please contact TG customer assistance at (800) 845-6267, or send an e-mail message to [cust.assist@tgslc.org](mailto:cust.assist@tgslc.org).

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## News Briefs

Many colleges and universities offer financial literacy coursework or seminars to their students. More high schools and middle schools are doing the same, integrating money management concepts into their math and social studies lesson plans. Schools in more than 35 states embed instruction in personal financial skills into coursework. Several states now require that students take financial literacy classes in order to graduate from high school. Learn more about the [growing attention to financial literacy skills](#) on college and high school campuses.

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