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Smart Solutions

TG offers a scholarship search engine through its college and career planning website, *Adventures In Education* (AIE™). Students can locate scholarships by name with a “simple” search, or enter a range of personal data with an “advanced” search in order to narrow results. AIE’s [Scholarship Search](#) tool offers access to thousands of individual scholarships.

Industry Update

ED releases trial 3-year cohort default rate

On February 4, 2011, ED released a “trial” 3-year cohort default rate (CDR) for fiscal year (FY) 2008 to assist schools in understanding the impact of the new 3-year CDR calculation. ED previously released trial 3-year CDRs for FY 2005, 2006, and 2007 in December 2009.

Shoptalk editions 532 and 534 provide additional insights regarding trial 3-year rates, the benefits of low CDRs, and the consequences of higher CDRs. This information may be helpful to financial aid professionals seeking to understand or explain to others on campus the implications of the new 3-year CDRs.

Recap of CDR changes

The Higher Education Opportunity Act (HEOA) of 2008 made changes to the default monitoring timeframe included in the CDR calculation, beginning with the FY 2009 rate. As a reminder, a school's CDR is the percentage of its cohort of Stafford loan borrowers who enter repayment within a particular federal fiscal year (the denominator in the formula) and who then default within a specified default monitoring period (the numerator in the formula).

Prior to the FY 2009 CDR, the default monitoring period was a 2-year period beginning on October 1 of the federal fiscal year in which a borrower enters repayment and ending on September 30 of the following federal fiscal year.

Beginning with the FY 2009 CDR, the default monitoring period is extended to include a 3-year period (one additional year of monitoring). In other words, the first “true” 3-year CDR, which will be released as a draft rate in February 2012 and as an official rate in September 2012, will be calculated as follows:

$$\frac{\text{Number of borrowers who defaulted between October 1, 2008, and September 30, 2011}}{\text{Number of borrowers who entered repayment between October 1, 2008, and September 30, 2009}}$$

In contrast, the 2-year FY 2009 CDR is calculated as follows:

$$\frac{\text{Number of borrowers who defaulted between October 1, 2008, and September 30, 2010}}{\text{Number of borrowers who entered repayment between October 1, 2008, and September 30, 2009}}$$

The HEOA specifies that no eligibility sanctions for schools with high 3-year CDRs will occur until three sets of official 3-year rates have been published. Therefore, ED will continue to calculate and publish 2-year CDRs for FY 2009, 2010, and 2011, and eligibility sanctions will be based on the those CDRs until the third 3-year rate is published for 2011 in September 2014. Beginning with the FY 2012 CDR, only a 3-year rate will be calculated.

Based on ED guidance, schools can expect to receive their draft 2-year CDR for FY 2009 on February 14, 2011.

Trial 3-year CDR for FY 2008

ED released this rate last week to provide further insights into the potential impact of the new 3-year CDR calculation. Based on a school's cohort of Stafford loan borrowers who entered repayment during the period of October 1, 2007 through September 30, 2008, the school's trial 3-year CDR for FY 2008 is the percentage of those borrowers who defaulted on their loans by September 30, 2010.

ED's announcement reminds schools that the FY 2008 trial rate is provided for informational purposes only; no benefits or sanctions apply to this rate. As a result, schools may not submit challenges, requests for adjustments, or appeals that normally apply to draft and official rates.

Accessing trial rates and ED's announcement

Schools can access their trial 3-year CDRs for FY 2005 through FY 2008 and request a Loan Record Detail Report (LRDR) for any of those calculations through the National Student Loan Data System (NSLDS) at www.nsldsfa.gov. The trial rates are also available on the Federal Student Aid Data Center's website at www.FSADataCenter.ed.gov. To view [ED's announcement](#), please visit the [Information for Financial Aid Professionals](#) website.

Learn more about CDRs and default prevention

To gain a better understanding of CDRs and default management strategies, [register](#) for TG's webinar, "Challenging Your Draft Cohort Default Rate."

For questions about default prevention, contact TG's Default Aversion team at defaultaversion@tgsic.org. Other [helpful resources and tools on CDR-related topics](#) are available through *TG Online*.

New FFELP lender and servicer audit guides published

On January 31, 2011, ED's Office of Inspector General published new audit guides for lenders and servicers participating in the FFELP. These guides supersede the previous guides published in December 1996. The new audit guides are effective for fiscal years ending on or after June 30, 2011. Earlier application is recommended, but not required.

The new audit guides may be accessed through the following links:

- [The Lender Compliance Attestation Engagement Guide for Lenders Holding Federal Family Education Loan Program Loans](#)

- *The Lender Servicer Financial Statement Audit Compliance Attestation Engagement Guide for Lender Servicers Servicing Federal Family Education Loan Program Loans*

To learn more

Contact the non-federal audit team at aignonfederalaudit@ed.gov for questions related to the use of these guides.

TG Report

Join TG for a diverse training experience — the 2011 TG Annual Training Conference

The 2011 TG Annual Training Conference — “Solid Foundation for Student Success” — will be held April 26-29, at the AT&T Executive Education and Conference Center in Austin. This year’s training agenda has been tailored to serve the needs of a broad audience of higher education professionals, including financial aid professionals, student services professionals, high school and financial counselors, and others dedicated to helping students and families in their educational endeavors.

Here’s a preview of the agenda’s diversity, highlighting various sessions and session tracks of special interest to the higher education community.

- **Tuesday’s Collaboration Workshop** — In this session, participants focus on the importance of collaboration for achieving cross-campus initiatives such as financial literacy, default aversion, and retention-related efforts.
- **Thursday’s higher education policy and legislative track** includes a variety of financial aid-related topics such as:
 - Reconciling Direct Loans — presented by a panel of schools that use various financial aid management systems (FAMS)
 - Gainful Employment — School Impact
 - Return of Title IV Funds (R2T4) — Basics and Beyond
 - Show What You Know sessions — One session is focused on policy and another on cohort default rates
 - Program Review Success
 - Updates on Veteran Issues and Servicemember Benefits
 - Satisfactory Academic Progress (SAP)

- **Thursday's Ask the Experts Roundtable Reception** — An opportunity to network and exchange information with various TG subject matter experts as well as industry representatives from ELM Resources, the Texas Higher Education Coordinating Board (THECB), and ED servicers
- **Workshops on Friday** will address such topics as:
 - Higher education research — A discussion with the audience will follow presentations on research topics and results.
 - Campus collaboration — Participants will discuss how to engage campus staff on policy and compliance challenges that have implications beyond the financial aid office.
 - Security considerations for higher education — Presenters from Deloitte and Touche and TG will discuss campus security and practical steps that can be implemented in preparation for potential security requirements.

Conference registration

The 2011 TG Annual Training Conference offers flexible registration choices, including options to attend half-day workshops, one or two full days at special discounted rates, or the full four-day agenda for \$139.

Visit [TG Online to register](#). Register before April 8, 2011 to avoid late registration fees. To speak with someone directly, contact TG's event planning coordinator Judith Cunningham at (800) 252-9743, ext. 2905, or send an e-mail message to judith.cunningham@tgslc.org.

TG offers regional trainings and default aversion workshops during February

Throughout the year, TG offers trainings designed to help financial aid and other student services professionals hone their knowledge and skills in the areas of policy and default aversion. This February, TG presenters will offer regional trainings and default aversion workshops that feature information on the latest industry developments as well as the opportunity to ask questions and discuss issues.

Default Aversion Workshops

During TG's Default Aversion Workshops, presenters will focus on current default aversion strategies and methods, as well as TG's default management tools and resources.

Please note the following event dates and locations:

- Wednesday, February 9, Kingsville, Texas A&M University — Kingsville

- Friday, February 11, Houston, Houston Community College — Southeast Campus
- Wednesday, February 23, San Marcos, Texas State University

Interested in attending but can't find room in your February calendar or budget? TG will also present a Default Aversion Workshop in Abilene at Hardin-Simmons University on Tuesday, March 8.

To register

To learn more and register for [TG's Default Aversion Workshops](#), visit *TG Online*.

Regional Training

Presented in collaboration with the Texas Association of Student Financial Aid Administrators (TASFAA), and the Texas Higher Education Coordinating Board (THECB), TG will offer a regional training opportunity in El Paso on February 18 at El Paso Community College. This day-long event will focus on regulatory topics, cost of attendance, state issues, the TG Financial Literacy Program, and more. TG will also offer similar trainings in upcoming months in Austin, Corpus Christi, and Houston.

Were you planning to attend the regional training opportunity planned for Thursday, February 3, in Dallas but missed it because of the weather? Watch *Shoptalk* for further details, as the event will be rescheduled.

To register

To learn more and register for February's regional training events, as well as future events, please visit the [regional training Web page on TG Online](#).

TG's FAFSA Info Center provides your students online help in completing the FAFSA

The Free Application for Federal Student Aid (FAFSA) is one of the essential documents for obtaining financial aid. TG's *Adventures In Education (AIE™)* website offers students and families help in preparing the FAFSA with a suite of Web pages called the FAFSA Info Center.

The FAFSA Info Center serves as an online utility for the FAFSA, supplying an overview of the FAFSA process, help in determining dependency status, and guidance on family arrangements. The FAFSA Info Center also highlights some of the common errors in completing the FAFSA, which could complicate application processing (incomplete or incorrect information, missing supplemental documentation, and applications without signatures are just a few of the most

common errors). Finally, an FAQ section helps students anticipate common questions regarding such issues as non-citizenship and tax filing.

Explore AIE's FAFSA Info Center

Learn more about the varied set of tools in AIE's [FAFSA Info Center](#) and offer it to your parents and students. If you have questions about any information on AIE, contact TG's communications team at (800) 252-9743, ext. 4588, or send an e-mail message to communications@tgslc.org.

With AIE's help, educate your borrowers about private loans

When borrowing for college, students and parents should turn to private or alternative loans *only if* they've exhausted all federal options — including scholarships, grant, and loans — and still have need. Why? Federal loans come with generally better terms, including lower interest rates and origination fees, and are often a better deal for consumers.

TG's *Adventures In Education* (AIE) website offers a basic comparison of alternative loans to federal loans, noting these important distinctions, among others:

- Because alternative student loans are credit-based and a student may not have enough credit of his or her own, a co-signer for loan approval may be required.
- The interest rate of alternative loans can be high because it is based on a student's credit rating.
- Alternative loans generally offer limited deferments or forbearances, though most do offer flexible repayment plans.
- Alternative student loans *cannot* be consolidated into a federal Consolidation loan.

To learn more

Make sure your students are educated about their loan options. Refer them to [AIE's information on private or alternative loans](#) before they borrow outside the federal loan programs.

Policy Resources

Common Manual updates

Guarantor representatives who serve on the *Common Manual* Governing Board have approved several changes to the *Common Manual*. Details on these changes

have been added as a PDF [available on TG Online](#). Click the "Common Manual Updates" link in the right column to view the changes. An updated *Integrated Common Manual* incorporating the changes will be posted and made available through *TG Online*. These changes will also appear in the *Manual's* next annual update.

Questions

Please note the effective date of each policy change. If you have questions about any of the changes, contact TG Customer Assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgslc.org.

Ask the Policy Expert — Program Integrity Issues

State Authorization

Q.: How will the new state authorization final rules that become effective July 1, 2011, impact schools that offer online programs?

A.: The Program Integrity final rules address the topic of state approval requirements for schools providing postsecondary programs via distance education or correspondence courses. If a school offers its program(s) to students in states other than the one in which the school is located, the school must meet any applicable requirements to be legally authorized to offer postsecondary education in those states. The school must be able to document its state approval(s) to ED upon request.

To learn more

For more information on this Program Integrity final rules topic, please refer to TG's article in *Shoptalk* [edition 581](#). To access *Shoptalk* articles and helpful resources and tools on other new regulations, please visit [TG's Program Integrity final rules page](#). You can also contact TG Customer Assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgslc.org.

News Briefs

For the first time since 2000, U.S. data on college attainment by county is available. Using this information gathered from the U.S. Census Bureau and the American Community Survey, the *Chronicle of Higher Education* has created a sort of paint-by-numbers, interactive map, showing the percentage of each county's population with a bachelor's degree. The map also displays population density, median income, race and ethnicity mix, and male-to-female ratio. The result is both fascinating, allowing viewers with the roll of the mouse to compare counties by

multiple variables at one time, and worrying, showing large attainment disparities between races in metropolitan areas. You can explore the map through the [Chronicle of Higher Education website](#). Note that some content on the site is available by subscription only.



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To ask questions about *Shoptalk*, please contact Communications at (800) 252-9743, ext. 4732, or send an e-mail message to communications@tgslc.org.

Contributors to this edition: Michelle Anderson, Rob Davenport, and Art Martinez. Edited by TG Communications and Policy and Regulatory Affairs. Designed by TG Communications.

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