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Smart Solutions

Anticipate some of your students' questions about default and offer answers with TG's [Handling Default: Frequently Asked Questions](#).

Industry Updates

ED issues guidance on school participation in the Federal Direct Loan Program

On March 22, 2011, ED published clarifying guidance regarding a school's participation in the Federal Direct Loan Program (FDLP). *Dear Colleague Letter* (DCL) [GEN-11-07](#) addresses the following topics:

- Participation in one or more components of the FDLP
 - Direct Subsidized Loans and Direct Unsubsidized Loans
 - Direct PLUS Loans for parents of dependent undergraduate students, and graduate and professional students
- Limiting student or parent borrowing
 - School's authority to refuse to originate a loan or to reduce the amount of a loan on a case-by-case basis
 - Limitation on an across-the-board basis or by category of borrower
- Denial of Direct PLUS Loans based on adverse credit
 - Some parents and graduate students previously denied Federal PLUS Loans by FFELP lenders may be approved for Direct PLUS Loans
- Awarding additional Direct Unsubsidized Loan funds to dependent undergraduate students
 - School's authority to award additional Direct Unsubsidized Loan funds to a dependent undergraduate student, based on a determination that the student's parent is unable to borrow a Direct PLUS Loan due to adverse credit history or exceptional circumstances
- Student FAFSA required for parent Direct PLUS Loans
 - Requirement for the 2011-2012 award year and beyond: If a parent wishes to obtain a Direct PLUS Loan, the dependent undergraduate student beneficiary must first submit a FAFSA

Additional details are provided below.

Participation in one or more components of the FDLP

Direct Subsidized Loans and Direct Unsubsidized Loans

ED considers Direct Subsidized Loans and Direct Unsubsidized Loans to be components of a single loan program. As such, a school may not elect to offer only

subsidized loans to its students. However, loan counseling may emphasize the difference in the loans and the importance of responsible borrowing.

The *Application to Participate in the Title IV Programs* will be modified to clarify this requirement. If a school's Eligibility and Certification Approval Report (ECAR) now indicates the school is participating in only one of these components, the ECAR will be updated to indicate the school is participating in both.

If a school has offered only Direct Subsidized Loans to students, ED will not require the school to review 2010-2011 award year financial aid packages to offer Direct Unsubsidized Loans to students who qualify for additional funds. However, ED clarifies that "if such a student contacts the school and requests Direct Unsubsidized Loan funds that the student is otherwise eligible to borrow for a loan period in which the student is still enrolled at least half time, the school must originate the Direct Unsubsidized Loan, unless the school exercises its authority to refuse to originate a loan on a case-by-case basis..."

Direct PLUS Loans

The Direct PLUS Loan Program consists of loans to parents of dependent undergraduate students and loans to graduate and professional students. Therefore, if a school elects to participate in the Direct PLUS Loan Program, the school must make loans available to all eligible parents and students.

If a school provides graduate or professional degree programs and chooses to participate in the Direct PLUS Loan Program, the school must also offer Direct Subsidized Loans and Direct Unsubsidized Loans. Federal regulations require such a school to determine a graduate or professional student's eligibility for those loans before originating a Direct PLUS Loan. The school must notify the student of his or her maximum Direct Subsidized and Unsubsidized Loan eligibility, and describe the terms and conditions of the loans for which the borrower is eligible. The student may choose to borrow all or some of the loans.

ED also reiterates that if a school does not participate in the Direct PLUS Loan Program, a dependent undergraduate student whose parent is unable to obtain a Direct PLUS Loan may not receive an additional Direct Unsubsidized Loan amount for that reason.

Limiting student or parent borrowing

School's authority to refuse to originate a loan or to reduce the amount of a loan on a case-by-case basis

A school is authorized to refuse to originate a Direct Loan, or to reduce the amount of a borrower's eligibility for a Direct Loan, on an individual basis. Any such decision must be communicated in writing to the student or parent, and documentation supporting the decision must be retained in the student's file.

Limitation on an across-the-board basis or by category of borrower

A school is not authorized to limit Direct Loan borrowing by students or parents on a comprehensive or categorical basis. For instance, a school is not permitted to limit Direct Loan borrowing to amounts needed to cover only institutional costs, or to categories of students such as first-year or transfer students, or students who live at home or pursue certain majors or programs of study. A school also is not permitted to decline to offer Direct Loans during certain enrollment periods such as a summer term.

In addition, a school may not have a policy that restricts groups of students — or all students — to borrowing only the “base” combined Direct Subsidized and Unsubsidized Loan limits and not the “additional” unsubsidized loan amount for which a student qualifies.

Denial of Direct PLUS Loans based on adverse credit

Some parents and graduate students previously denied Federal PLUS Loans by FFELP lenders may be approved for Direct PLUS Loans

In some cases, schools that recently began participating in the FDLP have found that parents who were unable to obtain a FFELP PLUS Loan are being approved for a Direct PLUS Loan, even though the financial circumstances of the parent have remained largely unchanged. Some schools have expressed concern that this has prevented a dependent student of such a parent from obtaining additional unsubsidized loan funds normally available only to an independent student.

ED explains that the FFELP and FDLP share the same definition of “adverse credit history,” but FFELP lenders were permitted in regulations to establish stricter creditworthiness standards. This explains the difference in a parent’s eligibility to obtain a PLUS loan in the two programs.

Awarding additional Direct Unsubsidized Loan funds to dependent students

School’s authority to award additional Direct Unsubsidized Loan funds to a dependent undergraduate student, based on a determination that the student’s parent is unable to borrow a Direct PLUS Loan due to adverse credit history or other exceptional circumstances

FDLP regulations permit a school to award additional Direct Unsubsidized Loan funds to a dependent undergraduate student (up to the amounts normally available only to an independent student) if the financial aid administrator determines a student’s parent is unable to borrow a Direct PLUS Loan due to exceptional circumstances. The school must make such a determination on a case-by-case basis and retain supporting documentation. Examples of exceptional circumstances are provided in the DCL.

If a school determines that a parent is unable to borrow a Direct PLUS Loan for this reason, the school may award additional Direct Unsubsidized Loan funds to a dependent undergraduate student without requiring the parent to apply for a Direct PLUS Loan. A school may also make a determination that a parent is unable to borrow a Direct PLUS Loan for this reason even if the parent has already applied for a Direct PLUS loan and received approval based on the results of a credit check.

Student FAFSA required for parent Direct PLUS Loans

The only new requirement included in the DCL is located in this section. Beginning with parent Direct PLUS Loans made for the upcoming 2011-2012 award year, the dependent student beneficiary must have filed a valid FAFSA before a parent may obtain a Direct PLUS Loan. ED originally notified schools of this new requirement in a September 7, 2010 e-announcement posted on the Information for Financial Aid Professionals (IFAP) website. More details regarding this change are provided in the DCL.

More information

If you have questions about DCL GEN-11-07, contact TG customer assistance at (800) 845-6267 or send an email message to cust.assist@tgslc.org.

ED provides additional guidance on ability-to-benefit testing procedures

On October 29, 2010, ED published [final regulations](#) on 14 program integrity issues. In *Dear Colleague Letter GEN-11-08* published on March 25, 2011, ED provides additional guidance on the program integrity provision regarding ability-to-benefit (ATB) testing.

The new regulations, effective July 1, 2011, require that students who are non-native speakers of English and who are enrolled in a program taught in their native language, pass an independently administered examination that has been approved by ED under §668.148(a)(1).

Currently, there is no Spanish language test approved by ED for ATB determination, and due to the time constraints related to test publisher submission and ED approval of the new ATB tests, it is not expected that there will be an approved Spanish-language test by July 1, 2011, the effective date of the new regulations. Therefore, ED will not enforce the new regulatory provision in §668.148(a)(1) until a Spanish-language test is approved. Schools may continue to use tests that would satisfy the standard in the current regulation to assess the ability to benefit of Spanish-speaking students. As Spanish-language tests are submitted for approval, ED will take action to review them and render approval decisions within a reasonable period of time after the July 1, 2011, effective date.

More information

If you have questions about ATB testing procedures or related issues, contact TG customer assistance at (800) 845-6267, or send an email message to cust.assist@tgslc.org.

TG Report

Federal, state updates to be featured at TG Annual Training Conference

For the 2011 TG Annual Training Conference, representatives from the Department of Education (ED), the Texas Higher Education Coordinating Board (THECB), and numerous industry and TG experts will present a varied agenda, rich in industry information and timely topics.

Jeff Baker, policy liaison and implementation staff, ED, and Dan Weaver, assistant commissioner, business and support services division, THECB, will deliver the federal and state updates, respectively, during the General Session on Thursday, April 28, at 8:30 a.m.

Although final topics for their presentations are based on the most current issues of the day, TG anticipates that Jeff Baker will provide information on several topics that include: Program Integrity final rules; cohort default rates; and federal awards, including specifically Pell grant funding. Dan Weaver is likely to provide late-breaking information regarding the status of state-based financial aid programs, as impacted by state budgetary concerns.

The conference — "Solid Foundation for Student Success" — will be held at the AT&T Executive Education and Conference Center on the University of Texas at Austin campus from April 26-29.

Register today!

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.

Visit *TG Online* to [register](#) today. To speak with someone directly, contact TG's event planning coordinator Judith Cunningham at (800) 252-9743, ext. 2905, or send an email message to judith.cunningham@tgslc.org.

College-focused entrepreneur and personal finance expert to deliver keynote at TG Annual Training Conference

For Ramit Sethi, learning about how to manage money effectively started when he began pursuing a higher education. Born into a middle-class family, he realized that he needed to find a way to reach his goal on his own. After losing half of his first \$2,000 scholarship to a bad investment, he dedicated himself to learning everything he could about building wealth. He immersed himself in learning everything possible about earning, saving, and investing, and in the process he came to realize that there were a few fundamental keys beneath the abundance of information available on these topics.

And what was the result? He is now recognized as one of the foremost experts in personal finance.

Sethi, the *New York Times* bestselling author of *I Will Teach You To Be Rich*, will present the keynote address on Wednesday, April 27, at 8:30 a.m. during the opening session of the TG Annual Training conference.

Sethi wrote his book based on his personal finance blog which has over 250,000 readers per month and over 30,000 newsletter subscribers. *I Will Teach You To Be Rich* is a community focused on personal finance and entrepreneurship for college students, grads, and everyone else. It's been featured in most major media, including the *Wall Street Journal*, the *New York Times*, *NPR*, *ABC News*, and *CNBC*. Sethi has also established a scholarship for young entrepreneurs. You will not want to miss this high energy, insightful speaker.

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Ramit Sethi, bestselling author, to deliver keynote at TG Annual Training Conference.

TG announces application period for Charley Wootan Grant Program

In keeping with its commitment to help students pay for a postsecondary education, TG has provided \$5 million to its Charley Wootan Grant Program for the 2011-2012 academic year. TG's Board of Directors allocated \$4 million to be awarded to students from Texas, and the remaining \$1 million to students residing in other states. The grants are available to students pursuing undergraduate degrees or certificates, or enrolled in teacher certification programs.

Of the \$4 million allocated to Texas students, half will be awarded to students enrolled at 4-year institutions, with the other half allocated to those attending 2-year institutions. Students applying to or currently enrolled at 4-year institutions may submit an application beginning April 1, 2011. Out-of-state residents may also access the application beginning April 1, 2011. For those applying to or currently enrolled at 2-year institutions, the application will be available beginning April 18, 2011. Questions about the program can be directed to the TG Charley Wootan Grant Program manager by email at Wootan@Scholarshipamerica.org, or by phone at (800) 537-4180.

"TG understands that many of today's students and parents may need assistance with paying for a college education," said TG President and CEO Sue McMillin. "We are pleased to provide this funding to help alleviate some of the cost burden, and ultimately help students succeed with their goal of college completion."

Since 2000, TG has awarded more than \$13.4 million through the program, named in honor of the late Dr. Charley V. Wootan, a former chairman of TG's Board of Directors. For the 2011-2012 academic year, TG will offer one-year grants ranging from \$1,000 to \$4,394 (the average unmet need for a Texas public, four-year university student) to qualified undergraduate students on a first-come, first-served basis. The funds must be used to pay for postsecondary education.

The grant program is open to those who:

- Are high school seniors or graduates who plan to enroll, or are already enrolled, at least half time in an undergraduate course of study for fall 2011 at a Title IV-eligible, two- or four-year college or university, or vocational-technical school,
- Demonstrate financial need as determined by the student's school after the student completes the Free Application for Federal Student Aid (FAFSA), and
- Are eligible to receive Title IV funds.

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. 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, impose or permit any *quid pro quo* condition in any respect of any grant under the program.

TG provides key date information regarding retirement of loan management and disbursement services

TG will retire AdvanTG Web™, its loan management system, and Electronic Funds Transfer (EFT), its electronic disbursement tool for federal and private loans, on June 30, 2011. TG will also retire Real Time Access, its online tool for accessing FFELP loan data as it currently exists on TG's servers, on October 31, 2011.

TG has established several timeframes with regard to the retirement of these products. Customers should keep these dates in mind as they plan their transition to another private loan origination and/or disbursing agent.

By product, these dates include:

- **EFT** — The last funding day for TG's EFT services will be June 24, 2011. However, schools, lenders, and servicers will be able to access and download reports on the EFT website through June 30, 2011.
 - The last funding day includes disbursements, returns, and reissues.

Schools are encouraged to review the dates of their pending private loan disbursements to ensure that they have a plan for disbursements scheduled after June 24.
 - Schools, lenders, and servicers should review and download reports, such as the Advance Debit Notification and Payment Detail reports for historical purposes. After June 30, 2011, customers needing EFT report information should contact TG Product Support.
- **AdvanTG Web** — All services, including change transactions, will be available through June 30, 2011.
 - Schools, lenders, and servicers should review their purge criteria for applications, loans, change transactions, and disbursement rosters. TG recommends setting purge dates for this information to a minimum of 90 days.
 - Schools, lenders, and servicers are encouraged to review and download reports, such as the Application Status Report, Responses Received Report, Change Transaction Detail Report, and Disbursement Roster

Report for historical purposes. Customers needing historical loan detail information after June 30, 2011, should contact TG Product Support.

- **Real Time Access (RTA)** — Schools, lenders, and servicers will be able to access RTA through October 31, 2011.
 - Lenders and servicers needing to update loan records after October 31, 2011, will have to contact TG Product Support.
 - Customers can view loan history information through the National Student Loan Data System (NSLDS). After October 31, 2011, customers that need loan details not available through NSLDS will need to contact TG Product Support.

Over the coming months, TG will provide updates via *Shoptalk* and other communication tools about the transition process for AdvanTG Web and EFT, including more specific information regarding a school's access to loan data.

The retirement of these products will not affect TG's growth as a company or its commitment to providing a diverse and growing set of resources in areas important to schools, such as default prevention and financial literacy. TG will continue to provide life-of-the-loan support for TG-guaranteed loans in its FFELP student loan portfolio.

For help

If you have questions about the retirement of EFT, AdvanTG Web, or RTA, or need assistance in your efforts to convert to another private loan origination and/or disbursing agent, please contact your TG account executive at (800) 252-9743, or send an email message to relationship.management@tgscl.org. If you need assistance running reports and/or obtaining historical loan detail through EFT, AdvanTG Web, or RTA, please contact TG Product Support at (800) 332-1455, or send an email message to product.support@tgscl.org.

TG announces upcoming topics for ongoing industry webinar series

TG's free webinar series on industry topics continues over the next few months. TG will provide presentation materials for each session, which can be downloaded, viewed, or printed. Time for Q&As will follow the presentation portion of all sessions. Webinars are posted in an [online archive](#) within a day or two of the broadcast. View the webinars "on demand" at your convenience!

Join TG for the following webinars:

- **The Federal Trade Commission: Protecting College Students from Financial Fraud**—Thursday, April 21, 10 a.m.-11 a.m. and 3 p.m.-4 p.m. Central Time

FTC: It stands for “Federal Trade Commission” — and “For The Consumer.” The nation’s consumer protection agency, the FTC, is America’s advertising and data security “cop on the beat.” Learn more about what the FTC does to protect consumers from identity theft, enforce laws like the Fair Debt Collection Practices Act, and encourage compliance with federal truth-in-advertising standards. But in addition to law enforcement, the FTC works to support the mission of those interested in promoting financial literacy. Join us to unlock the treasure of free resources available to savvy consumers of all ages.

- **Ins and Outs of Student Loan Repayment**— Thursday, May 19, 10 a.m.-11 a.m. and 3 p.m.-4 p.m. Central Time

While students receive information during loan counseling, they often have questions about how loan repayment works. Designed for students and financial aid administrators, this session describes the repayment options available to students as they prepare to enter the workforce. Topics include: taking inventory of your student loans; understanding the available repayment plans (including Income-Based Repayment) and the advantages of each; reviewing the details of consolidation; and learning about deferment, forbearance, forgiveness, and cancellation options.

- **Federal Update**— Friday, June 17, 10 a.m.-11 a.m. and 3 p.m.-4 p.m. Central Time

This session will provide information on recent activities that may affect the federal student aid programs. Updates on various issues including *Dear Colleague/Partner* letters issued by the Department of Education, proposed and final federal regulations, federal common forms, and pending legislation will be provided.

To register

[Register for these TG trainings online](#). Click each session link to begin the registration process. Schedules for additional training will be published regularly and announced in *Shoptalk*.

Con Mi MADRE: Texas access program taps into the power of the mother-daughter bond

Population demographics are shifting dramatically across the U.S., but at an even faster rate in Texas. By 2040, Hispanics will make up the state's majority population — almost 60 percent, according to Census projections. Historically, Hispanics in Texas have enrolled in college in fewer numbers and maintained a lower average income. Motivating more Hispanics to enroll and graduate from college is not only vital to the prosperity level of this growing population, but to Texas as a whole.

Con Mi MADRE, an outreach program based in Austin, Texas, takes a fresh approach to the Hispanic outreach challenge. Founded in 1992 as a collaboration of the Junior League of Austin, Inc., and the University of Texas at Austin, *Con Mi MADRE* uses the mother-daughter bond as leverage to foster a college-going tradition among families. Why mothers and daughters?

Empowering young women through mother-daughter connection

According to Christine Kutnick, director of development and communications at *Con Mi MADRE*, Hispanic mothers exert the greater parental influence on their children. They also tend to be the chief family bread-winners, since a large percentage of Hispanic females bring up their children alone. Kutnick explains the organization's focus on mother-daughter pairs this way.

"We feel that, if we educate young women on the importance of education, when, and if, they have children, the information will trickle down, breaking the cycle of low graduation rates," said Kutnick.

To break that cycle, *Con Mi MADRE* works to sow the seeds of college interest early, offering academic and social support services to Hispanic students in fifth grade and sustaining that relationship through middle and high school, eventually helping these same students enroll in college.

Collaborating with schools to recruit candidates

Candidates for the program are chosen from schools in the local Austin Independent School District. "Our staff works with school counselors, parent support specialists, and teachers to identify girls who show academic promise," said Kutnick. "We hold a recruitment meeting in the spring of the student's fifth grade year. Most girls enter in the sixth grade, but *Con Mi MADRE* accepts new girls through their junior year."

For selected students, the program offers comprehensive support, including tutoring on topics of need, mentoring and encouragement, and even family case management.

“Our licensed social worker and social work interns offer student counseling services and family counseling,” said Kutnick. “We would like to expand this to include group counseling.”

Providing expanded support services

Along with a focus on psychological health, *Con Mi MADRE* provides a “Healthy Living Program,” which promotes the value of exercise and a good diet. “Health issues can derail students,” said Kutnick. “If a family member is not healthy, then the female student is usually responsible for taking care of the sick person. Also, teaching mothers about nutrition and the importance of physical activity is important since they can pass on this knowledge and lifestyle to their children.”

Con Mi MADRE also stresses volunteerism as a way to strengthen the mother-daughter bond and give back to the community. Kutnick says this places Hispanic mothers and daughters in a place of empowerment. “Many of our students are usually on the receiving end, and do not see themselves in a giving role,” said Kutnick.

Creating success through ongoing relationships

More than 70 percent of graduating seniors in the program go on to enroll in college. To help these college students persist through to their degree, *Con Mi MADRE* recently launched an alumni support network. Meeting twice per month, former *Con Mi MADRE* participants share their experiences, both successes and struggles, and offer each other encouragement.

Does *Con Mi MADRE* have plans to grow? “We have to grow to keep up with the demographic shift that is happening in Texas,” said Kutnick. In fact, over its 18 years, the program has proven its scalability and currently serves 11 middle and 7 high schools and some 750 mother-daughter pairs. Kutnick notes that the program will likely expand locally, bringing its unique blend of college preparatory and social services to more middle and high schools around Central Texas. Certainly, given its focus on turning college into an expectation for generations of young Hispanic women, *Con Mi MADRE* stands to continue its record of success for years to come.

To learn more

Please visit *TG Online* to learn more about [TG's Public Benefit 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.

News Briefs

Do you ever wonder about what college-bound students and their parents are thinking about this time of year, as they reach the point of having to make critical decisions about where they will attend college? What influences their decisions, and what motivates them to make their choices? In a [blog entry by Eric Hoover for *The Chronicle of Higher Education*](#), we learn from recent surveys of these students that most of them have been highly influenced by the state of the economy, and a significant portion of them are “highly worried” that they won’t be able to attend their choice institutions for lack of financial resources. Read more about these surveys and studies, and how students and their parents are coping with such topics as social media, their opinions of net-price calculators, and other relevant topics.



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

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