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Smart Solutions

You can now access [TG Online](#) from your mobile phone or other handheld device. The mobile version of [TG Online](#) has the same great content and features of the regular website, including links to [Shoptalk](#) and its newsletter archive. You can also access TG's extensive [regulatory resources](#), information on [default aversion services](#), and a catalog of the [TG Financial Literacy Program](#) workshops.

Industry Update

President signs Budget Control Act of 2011 into law

Today, President Obama signed into law the Budget Control Act of 2011. The legislation raises the debt ceiling while instituting a set of budget cuts designed to reduce spending by over \$2 trillion over the next ten years.

How do the spending cuts affect Title IV programs? The Budget Control Act:

- Provides an additional \$17 billion in funding over two years for Pell Grants to cover current and projected shortfalls over this period;
- Eliminates the interest subsidy for subsidized Stafford loans made to graduate and professional students, for periods of enrollment beginning on or after July 1, 2012; and
- Eliminates the authority for ED to provide up-front interest rebates for Stafford and PLUS loan borrowers for new loans first disbursed on or after July 1, 2012. ED may still offer an interest rate reduction to a borrower who agrees to automatically debit electronic payments. Since 2000, the up-front interest rebate has been offered to FDLP Stafford and PLUS loan borrowers as an incentive to encourage timely repayment. The rebate amount is equal to a percentage of the loan amount borrowed. Currently, the rebate amount is .5 percent for Stafford loans and 1.5 percent for PLUS loans.

Note that the changes included in the legislation are not subject to the negotiated rulemaking and Master Calendar requirements generally applicable to changes in Title IV program regulations.

For more information

View the text of the [Budget Control Act](#) as sent to the Senate and subsequently ratified.

ED establishes GE reporting deadline for 2010-11 award year

On August 2, 2011, ED issued a notice in the *Federal Register* that announces the gainful employment (GE) reporting deadline for the 2010-11 award year. The notice requires schools to must report GE information for the 2010-11 award year no later than November 15, 2011.

As a reminder, GE data must be submitted to ED no later than October 1, 2011, for students who were enrolled in a GE Program for award years 2006-07 (to the extent available), 2007-08, 2008-09, and 2009-10. If a school is unable to provide some of the information required for any award year, the school must explain to ED why the missing information is not available. The *Federal Register* also explains that ED will continue to accept information for prior award years through November 15, 2011.

In recent training, and on the GE information page, ED has explained that the National Student Loan Data System (NSLDS) will be ready to accept GE information on September 26, 2011. Schools will be able to submit GE data by multiple methods including: batch files, online screens, and [spreadsheet uploads](#). In the mean time, schools are encouraged to continue gathering GE data for applicable

award years and to learn more about the reporting requirements and process; reporting resources are described below.

More resources

For more information about GE reporting requirements, view the [NSLDS Gainful Employment User Guide](#) online. You can also listen to a recording of ED's webinar, "Reporting GE Data to NSLDS."

For more information on GE rules, visit ED's [Gainful Employment Information page](#). TG provides additional guidance on the program integrity issues, including gainful employment, via its [Program Integrity Final Rules Web page](#). You can also contact TG's Customer Assistance team at (800) 845-6267, or send an email message to cust.assist@tgsic.org.

ED issues *Dear Colleague Letter on dependency overrides*

On July 26, 2011, ED issued *Dear Colleague Letter* (DCL) [GEN-11-15](#), which reviews the conditions and documentation necessary for granting dependency overrides. Under Section 480(d)(1)(I) of the Higher Education Act (HEA), and as described in the 2011-12 *Application and Verification Guide* (AVG), financial aid administrators (FAAs) have the ability to use professional judgment to grant dependency overrides for students with unusual circumstances on a case-by-case basis. The authority to exercise professional judgment can be found in Section 479A of the HEA.

The DCL emphasizes that "documentation is a critical aspect of the dependency override process." As FAAs make determinations, they must write a statement detailing the decision and include the statement and supporting documentation in the student's file to validate the decision. In almost all cases, supporting documentation should be provided by a third party with knowledge of the student's unusual circumstances. While current guidance in the AVG suggests that a third party may include, but is not limited to, counselors, clergy, teachers, and medical authorities, the DCL provides additional examples of third parties. These third parties may include community groups, medical personnel, courts, government agencies, or prison administrators.

In rare situations where a third party cannot confirm the unusual circumstances, the FAA may accept a signed statement from the student or even from the student's relatives or friends. The DCL and the AVG indicate that this should happen in "extremely rare circumstances" and should be done as "a last resort."

The DCL supplements the AVG with three additional examples that illustrate cases where each student has unusual circumstances that may warrant a dependency override. ED reminds schools that these examples are not intended to sanction dependency overrides in every similar instance; decisions must be made on an

individual, case-by-case basis. However, these examples can serve as a helpful resource when considering what may constitute unusual circumstances.

Lastly, ED reminds schools that dependency overrides must be reaffirmed annually to determine if the unusual circumstances still exist. Additionally, certain situations may not be considered unusual circumstances, including the following:

- Parents refuse to contribute, provide information, and/or do not claim the student as a dependent for tax purposes.
- Parents live in another country.
- A student demonstrates "total self-sufficiency." As an example, the student is able to support his or her self financially.

For more information

Additional guidance about dependency overrides can be found in the 2011-12 AVG. For questions, please contact TG's Customer Assistance team at (800) 845-6267, or send an email message to cust.assist@tgslc.org.

NSLDS Gainful Employment Submittal Template to be released

In the recent webinar, "[Reporting GE data to NSLDS](#)," ED discussed online and batch reporting methods that schools will be able to use to report the required gainful employment (GE) data.

On July 28, 2011, ED issued [electronic announcement #14](#) informing schools that the online reporting method, using the NSLDS GE Submittal Template, will be officially implemented on September 26, 2011. In the meantime, ED will make the template available to schools earlier, so they can begin to build spreadsheets containing the required GE data for award years 2006-07 through 2010-11; this data will then be uploaded to the National Student Loan Data System (NSLDS).

The NSLDS GE Submittal Template, cover letter, and download instructions will be posted in the next several days on the [Federal Student Aid Download website](#), under the [Software and Associated Documents](#) link.

For more information

To learn more about the GE Submittal Template, schools can contact ED at nsldsge@ed.gov. For general GE questions, schools may send their questions to ge-questions@ed.gov, or review the [NSLDS GE Users Guide](#) for additional information about both the online and batch reporting processes.

TG Report

Learn more about the program review process with upcoming TG webinar

The Department of Education has established general guidelines for conducting program reviews of institutions participating in the Title IV student financial assistance programs. To help schools understand the process and purpose for program reviews, TG offers a webinar in August.

TG's webinar describes common program review findings. The session will also highlight strategies and compliance resources that can help reduce risk of a finding.

To register

To accommodate the schedules of TG's coast-to-coast customers, the 60-minute webinar is scheduled for Thursday, August 18, from 10 a.m.–11 a.m. and 3 p.m.–4 p.m. Central Time. [Registration is available online](#). If you are unable to attend the scheduled broadcast, a recording will be available for viewing shortly after the event through TG's [archived webinars](#).

When we talk “debt,” what do students hear?

By Nancy VanBoskirk, TG financial literacy consultant

If you sometimes wonder whether you and your students speak the same language with regard to debt, consider this recent study. According to an article published in [Social Science Research](#), many young people actually feel empowered by the amount of debt they carry in student loans and credit card bills. Yes, you heard that right — empowered.



Given the recession, you would think that all students are nervous about their loan and credit card debt; but it appears that is not the case. Rather, a number of students, particularly those from low- and middle-income families, are experiencing a “bump,” or an increase in their self-esteem from the debt they incur. Researchers aren't sure exactly why this boost is occurring, but speculate that getting an education as a result of borrowing is a positive thing for students. This doesn't explain the other finding that students also feel positive about their credit card debt, however.

Is this feel-good phenomena related to the immediate gratification students get from buying things which they could not normally afford without credit? Maybe. But it also serves to highlight the possible disconnection between what financial aid

administrators and counselors might presume their students are feeling about debt and what those students might truly be experiencing.

So what does all this mean for how you work with students? For one thing, consider that some students see debt as a form of status rather than as a burden. For these students, speaking the language of “debt” may be a sign that they have not only joined the world of grown-ups, but that they have joined the “haves” of that grown-up world. This means it could be hard to convince a student to borrow only what’s necessary.

There is a way to help students appreciate the long-term consequences of debt — a financial literacy education. If your campus offers students such training, you might consider a workshop that provides a more balanced view of debt — a workshop like the TG Financial Literacy Program session titled “Solving Debt Problems: Strategies and Solutions.” This session explores the steps that borrowers may take to get out of financial trouble. In particular, the session considers the symptoms and causes of debt problems and the value of professional credit and financial counseling services.

The session also offers information on:

- How debt problems fit into the big picture of an individual's finances;
- What strategies to follow depending on the debt issue; and
- How to repair any damage done to credit or finances.

If you’re looking to get on the same page with your students in terms of debt and the negative repercussions of borrowing, you’ll find no better conversation than a training session such as that offered by the TG Financial Literacy Program. My experience is that once students understand both the consequences of debt and the options available to help them manage it, they’re well on the way to becoming smarter consumers and thus smarter, more cautious borrowers.

About VanBoskirk

VanBoskirk has been working with young adults for most of her career, offering hands-on training and advice in a surprising variety of ways, from house-building (for Habitat for Humanity) to counseling in academics (for two TRIO programs) to financial aid counseling (for the University of North Texas). At TG, she helps present sessions from the TG Financial Literacy Program online and in-person.

Learn more about the TG Financial Literacy Program

The TG Financial Literacy Program is comprised of ten 15-minute presentations with accompanying activities, workbooks, and speaker's scripts. Modules cover a range of topics, from managing credit to understanding employee compensation. Illustrations, content, and format are tailored to appeal to young adults from high

school through college. The entire program places an emphasis on teaching by interaction, the better to gain and keep attention on such important topics as budgeting and saving.

Browse a list of [TG Financial Literacy Program modules](#) to learn more about TG's program or to request a "Train-the-Trainer" session for your staff who can then train students on a given topic. Session participants will receive workbooks that contain glossaries, FAQs, suggested resources for further study, and information on key concepts.

News Briefs

The master's is the new bachelor's — at least according to recent research, which indicates that a master's degree is becoming the coveted, even essential, degree in terms of job advancement for a growing number of professions. According to federal statistics, the percentage of master's degrees awarded has risen dramatically since the 1980s, particularly in the last several years. Nearly 2 in 25 people age 25 and over have a master's, about the same number that had an undergraduate degree or higher in 1960 when baby boomers were entering the workforce. The increase makes sense given the order of information that professionals now have to command to be competitive in technology and information fields. Learn more about the [trend in master's degree attainment](#).



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Contributors to this edition: Rob Davenport, David Garza, Laura Kowalski, and Art Martinez. Edited by TG Communications and Policy and Regulatory Affairs. Designed by TG Communications.

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