

SLGFA E-Updates

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E-UPDATES is an electronic newsletter sponsored and operated by the Student Loan Guarantee Foundation of Arkansas (SLGFA) to provide program information to schools and lenders participating in the Federal Family Education Loan Program (FFELP).

IN THIS ISSUE:

1. **Predictions Correct: 2005-06 Student Loan Interest Rates Rise**

Prognostications were made for many months that the 2005-2006 student loan interest rates would increase. Since the probability was considered high, [Dear Colleague Letter GEN-05-08](#) was released to give guidelines for early in-school Federal Family Education Loan Program (FFELP) loan consolidation. On Tuesday, May 31, 2005, those predictions came to fruition when the Department of Education released information about the increase. The rates are based on May 31, 2005, 91-day Treasury Bill auction and will go into effect on July 1, 2005. More information about new student loan interest rates can be found by clicking on the following link: <http://www.slgfa.org/slgfa/pubs/regulatory/05-06InterestRates.asp>.

2. **SLGFA New Interest Rate Borrower Disclosure Addendum Is Available.**

To assist lenders with meeting federal disclosure requirements, SLGFA has developed an Interest Rate Addendum to use for disclosing the new interest rate to borrowers who have a first loan disbursement on or after July 1, 2005. The following link will provide additional information about this critical addendum: <http://www.slgfa.org/slgfa/pubs/regulatory/int.rate.add05.asp>

3. **SLGFA Compliance Corner**

If an institutional office or department, other than the school's financial aid office, awards a scholarship or other non-Title IV assistance, is the financial aid office responsible for tracking the assistance made to students attending the institution? To read the response to this query, click on the provided link: <http://www.slgfa.org/slgfa/pubs/updates/ComplianceCorner/CC060305.asp>

4. **NSLDS Announces Two New System Enhancements**

NSLDS announced two new system enhancements: the storage and display of Outstanding Principal Balance and Outstanding Interest Balance history, and the addition of the Conditional Disability Discharge Tracking System (CDDTS) as a new data provider to NSLDS. To read more about the NSLDS system enhancements, click on the following link: <http://www.slgfa.org/slgfa/pubs/updates/NSLDSsstmEnhancements061005.asp>

5. **SLGFA Clients Will Experience Delays in Major Database Changes**

In order to meet deadlines during peak processing, SLGFA will, once again, implement a period during which delays will occur when major changes are requested to be made to school and lender setup profiles on the guarantor database. The period, during which setup changes may be delayed, will begin with change requests submitted on or after June 1, 2005 and continue through August 31, 2005. For more information about this issue, click on the provided link: <http://www.slgfa.org/slgfa/pubs/updates/lockdown.asp>.

6. E-Legislation

This edition of E-Legislation is directed towards multiple Higher Education Act (HEA) Reauthorization issues. **First**, a recap has been included in this *E-Updates* edition to help financial aid professionals get caught up on all the legislative Reauthorization happenings in Washington, D.C. **Second**, the House Government Reform Committee held an oversight hearing on Thursday, May 26, 2005, to discuss federal student loan programs. A link has been provided to the hearing's witness testimony. **Third**, a matrix comparing major student loan provisions in two Reauthorization bills introduced in the House -- HR. 609 and HR. 1293 -- has been developed by NCHELP and is available for viewing on NCHELP's Web site. The document, which is posted in the Reauthorization section of the NCHELP Web site, is a reference for those following the Reauthorization process. Click on the provided link to gain additional insight into HEA Reauthorization Legislation: <http://www.slgfa.org/slgfa/pubs/updates/E-Legislation/E-Legislation06-03-05.asp>.

7. Mortarboard FYI

[Highereducation.org](http://www.highereducation.org), in cooperation with the Lumina Foundation, has published an interesting report on *Borrowers Who Drop Out*. The report identifies factors that result in borrowers not completing their higher education and approaches questions about whether the system of financing higher education is appropriate. The report calls these borrowers "the forgotten half." The complete report is available for free download by clicking on the following link: [Borrowers Who Drop Out](#).

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