



**M**ilestones  
1995 Annual Report  
Texas Guaranteed Student Loan Corporation

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The Texas Guaranteed Student Loan Corporation (TGSLC) is a non-profit public corporation which administers the federal student loan program for the State of Texas. This annual report covers the Corporation's fiscal year 1995, from October 1, 1994 to September 30, 1995.

## FRONT COVER:

### ROSA DELEORA

Bi-lingual Elementary Education Sophomore  
Prairie View A&M University

"I come from a very large family, and I'm the first one who'll graduate from college. As an educator, I want to tell young students and their families about the importance of higher education; to tell them that the opportunities I had are available to them too."

### TARA GALLOWAY

Information Systems Senior,  
Prairie View A&M University

"Doing work-study in the financial aid office, I see other students focus long-range on higher education for the first time, weighing future career options and income, with loan repayment responsibilities. To me, the key word is 'options.'"

# EXECUTIVE MESSAGE



All of our lives are charted with certain benchmarks or milestones. They can be events that mark our progress toward a pre-ordained set of goals, or unexpected events that irrevocably change our course, redefining who we are and what we do in ensuing years.

Just as each of us has our milestones, the same is true for organizations.

Over the past 30 years, millions of Texans have counted completing a postsecondary education among their defining moments before going on to make their contributions to society. Many of these Texans could only achieve this milestone through the federal student loan programs.

In this report, we share information about our 1995 fiscal year (FY95) and the milestones that defined it. We also celebrate the 30th anniversary of the 1965 Higher Education Act (HEA), a fundamental policy change that helped remove financial barriers to any American with the desire to enrich his or her life through higher education. In addition, we look at some defining moments in our 15-year history of administering those federal education financing programs in Texas.

Aided by the thoughts and images of some of our higher education finance partners, staff members, and borrowers, this look back helps us understand how the student loan program became what it is today, and what its future may be.

With the 1992 Reauthorization of HEA and the phase in of the 1993 Federal Direct Student Loan Program (FDSLPL) as an industry wake-up call, we accelerated our efforts to find new, better, more cost-effective ways to serve Texas students, families, and schools. As shown in the pages that follow, many of those efforts materialized in FY95 — both practically and fiscally.

Perhaps the most significant aspect of this year's accomplishments is the fact that they were guided by the students and families we serve, and by the schools, lenders, and secondary markets that work together in the Federal Family Education Loan Program (FFELP).

In FY95, we re-examined and re-engineered several corporate processes, resulting in better services at lower costs. We measured the results of these re-engineering efforts against input from the "Voice of the Customer" meetings in



summer 1994 with students, and from the "Mega-Process" sessions in spring 1995 in which financial aid officers, lenders and servicers worked with us to outline key priorities.

To oversee turning these priorities and processes into products, we created a New Products and Market Analysis Department.

The Corporation made extensive and creative use of the Internet. We presented an award-winning World Wide Web site rich in higher education, career planning, and financial aid information, as well as a net-driven "Instant Guarantee" pilot that processes loan applications and guarantees the student loan in a matter of minutes. We also used the Internet for 24-hour electronic-mail access to our Customer Assistance, Collections, Default Prevention, and Client Service divisions.

To expand higher education and finance awareness, we created interactive information "kiosks" for high schools. We added the same information to Texas state government information kiosks placed in public libraries by the State Comptroller's Office. We created a "Texas Awareness

Initiative" package using cable, broadcast, video, and on-site training to reach underserved communities with information on higher education opportunities.

As a borrower's advocate, helping students and parents navigate through the complex life of their education loans, we expanded our Customer Assistance hours, adding "screen pop" technology to give representatives instant access to caller loan records; we added a borrower's ombudsman; and we continued promoting and administering the Closed School loan forgiveness program.

In response to school and lender input, we eliminated schools' monthly charges to use our TexNet® electronic services; we added to TexNet's On-line Inquiry service the transparent loan feature that lets lenders call up any loan they originated, regardless of who holds the loan currently; and we worked with 25 guarantors to produce a Common Manual, Unified Student Loan Policy.

This year's accomplishments toward a better financial aid process were paralleled by an impressive fiscal report. We have lost significantly fewer student loans to the Federal Direct Student Loan Program (FDSLTP) than the national



Texas Guaranteed Student Loan Corporation executives confer with the Board of Directors, designed by state statute to reflect all higher education finance interests including schools, commercial finance institutions, and the public at large. Other members include the State Comptroller and a Texas postsecondary student.



average; and with Texas' increasing demand for student loans, and TGSLC's enhanced services to meet that demand, loan volume has steadily increased.

In FY95, TGSLC guaranteed loans to more than 202,000 students and parents — an increase of 4 percent over last fiscal year. Loan guarantee dollar volume increased by \$138 million to \$1.1 billion — a 15 percent increase over last fiscal year. Of that volume, 85 percent of our loans were to students attending traditional four-year colleges, 8 percent of our loans were to students attending two-year institutions, and 7 percent were to students attending proprietary schools. The net result is a further strengthening of the Corporation's portfolio mix.

With greater emphasis on helping troubled borrowers avoid the pitfalls of default, we increased to 67 percent our success rate in preventing delinquent borrowers from defaulting. This contributed to a 10 percent decrease in claim payments, reducing this amount to 4.9 percent of the total amount of loans in repayment.

Aided by innovative use of technology and other team-based motivational strategies, our Collections Department

shattered previous records with over \$100 million in gross collections — 43 percent more than in FY94.

As a result of these efforts, we added over \$8 million to our reserve fund to pay claims, raising total reserves to over \$60 million or 1.8 percent of outstanding loans.

In many ways the events of the past year marked a turning point for the FFELP, for TGSLC and other guaranty agencies across the country, and for the nation's students and their families.

Industry demands, technological advances, and federal and state legislation call for a vision and a scope of activities beyond state borders. At TGSLC, we believe our efforts have positioned us to meet that challenge, serving the needs of students and families in the southwest region of the nation and beyond, while maintaining our primary focus on Texas.

We've covered a lot of miles in the past fiscal year. It has been an exciting year, punctuated with defining moments — milestones. We think those milestones foretell a future marked by new opportunities for the FFELP, for TGSLC, and especially for the students and families we serve.

Sincerely,

**Dr. Barbara B. Reagan**  
Board Chair

**Milton G. Wright**  
President and Chief  
Executive Officer





## Simplify and Standardize

We re-examined and re-engineered key internal processes in FY95 as part of our ongoing efforts to simplify education financing for families and students, adding new products, services, and operations. Much of the direction and "scale of measurement" for these processes came from "Voice of the Customer" meetings with students, and "Mega-Process" work sessions with financial aid officers, lenders, and loan servicers. From those meetings came the following priorities:

- Use the Internet as a communications and application vehicle,
- Offer instant guarantees,
- Assist students and families with the Free Application for Federal Student Aid (FAFSA),
- Increase regional awareness of college and financial aid opportunities,
- Create a single holder/single servicer environment for student loans.

## Results

"A Universe of Information", a packet published by our New Products and Market Analysis Department illustrates the results. It contains information on six new TGSLC products that respond to these priorities, helping to make education finance easier for students, families, and industry professionals.

## New Products and Services

Internal processes had already committed to answering the first of these customer priorities when, in FY95, TGSLC stepped aboard the information highway with both feet and set a blazing pace for the rest of the industry. As a communications medium, the Internet reduces the obstacles of Texas' expansive geography and broadens access on a global scale.

The Corporation's Internet Initiative Team, in cooperation with Texas schools and lenders, launched "Adventures in Education," TGSLC's World Wide Web (WWW) site, offering information on careers, colleges, and financial aid, all in an

## MILESTONES

### A Texas Tradition of Higher Education Support

"The cultivated mind is the guardian genius of democracy and...the noblest attribute of man." With this proclamation in his 1838 inaugural address to the Republic of Texas' Congress, Mirabeau B. Lamar began a Texas tradition of higher education support.

In 1965, President Lyndon Johnson chose Southwest Texas State University in San Marcos as the site where he signed the Higher Education Act (HEA). HEA set up the Guaranteed Student Loan Program (GSL), now the Federal Family Education Loan Program (FFELP).

Congress expanded HEA's student aid section in 1972, to include non-traditional postsecondary schools and colleges, such as vocational schools and community colleges. Congress also created the Pell Grant.

### House Bill 38 Calls for Texas Student Loan Administrator; TGSLC Begins

Early GSL program response from Washington to participants in distant states was slow and paperwork-intensive. Few Texas lenders participated and access was sparse. As a result, the Texas Legislature passed House Bill 38 in 1979 to establish an entity with state oversight to administer the federal student loan program for Texas.

In 1980 TGSLC began operations and in FY81, 327 Texas lenders made 15,556 student loans, totaling \$39.6 million through the state's new guarantor.



PAT YOUNGDALE,  
TGSLC  
New Products Design and Development  
MITCHELL REID,  
TGSLC  
Customer Support Electronic Services

"It's exciting to work in a field where both the business and technology environments are changing daily. This year was rewarding because the entire industry saw its contributions and hard work produce results that made the education finance process more efficient and easier for students and families."  
—Pat Youngdale



engaging, easy-to-navigate graphical format. The site was ranked among the top 5 percent of all Web sites by an independent service which reviews and rates sites on the Web.

"Adventures in Education" takes a quantum leap in meeting student requests for more centralized, more easily understood information about selecting a career, choosing a school, or paying for higher education.

To answer the second and third priorities, TGSLC's innovative use of the Internet produced Instant Guarantee, a program piloted this year at the University of Texas-Brownsville. Instead of writing or typing to complete a loan application, borrowers can fill in the blanks on a desktop computer screen, then transmit it via the Internet to TGSLC. Rather than wait for overnight batch processing, Instant Guarantees are immediately processed and returned to the school, where a promissory note is printed for the student's signature — all in a matter of minutes.

Included with the application is an "exam" on the student loan process, and screens throughout the program remind borrowers of their repayment responsibilities. In addition to reducing processing time and paperwork, Instant Guarantee reduces applicant errors, provides immediate feedback on loan approval, and lets financial aid offices customize loan packages to individual student needs. Most important, it reduces the time students wait for loan money from weeks to a matter of days in most cases.

Another innovation, RapidApp, speeds promissory note delivery to lenders, and check delivery to schools. Created by TGSLC and the Association of Texas Lenders in Education (ATLE), RapidApp eliminates postal delivery uncertainties by using an overnight courier to speed FFELP document transport between schools and lenders or other originators. Combined with Instant Guarantee, a borrower can apply for an education loan and have a check in hand within 48 hours, the fastest turnkey financial aid process in the country.

## MILESTONES

### **New Financial Needs; New Student Population**

During the early 1980s, TGSLC worked to bring more lenders into the Guaranteed Student Loan program to increase available funds. The Corporation became the state's leading GSL program advocate, participating in statewide and national higher education and lending groups. With input from lender and school advisory committees, TGSLC also served as a principal communications conduit among participants, helping to ensure program quality and integrity.

By 1984, 673 Texas lending institutions participated with TGSLC in the GSLP - some offering statewide access - providing more than 94,000 loans valued at over \$240 million.

### **1986 Reauthorization and Automation**

By 1986, TGSLC had guaranteed its billionth dollar in GSLP student loans, and Congress reauthorized the HEA, followed by a comprehensive package of technical amendments.

In 1987, TGSLC implemented its automated Loan Guarantee Processing System, speeding loan guarantee turnaround time to 48 hours or less. To further reduce paperwork and processing time, the Corporation in 1989 offered its Loan Information Network Clearinghouse (LINC) software to participants, allowing electronic transmittal of loan applications.





BONITA PEEBLES,  
JAIME HERNANDEZ,  
TGSLC  
Customer Assistance

"We have sophisticated systems to direct borrower calls, and to help us quickly resolve questions. But often the most important thing a borrower can hear is a friendly, human voice that says, 'I care; I can help.'" — Bonita Peebles



As part of the statewide Texas Awareness Initiative, and in answer to the fourth customer priority, the agency enlisted the help of the Texas Association of Student Financial Aid Administrators (TASFAA) to help make financial aid and college selection information easily accessible to more families and high school counselors. These projects include: parent and student guides to completing the Free Application for Federal Student Aid (FAFSA); development of English and Spanish financial aid videos for parents and students; and use of video teleconferencing and cable television as a training tool for counselors and teachers and as an information resource in high schools and homes.

Another component of FY95's Texas Awareness Initiative was the "Click to Your Future" kiosk, a CD-ROM-based electronic tool that gives high school students some of the same information found on our Web site. These systems are being set up in high schools throughout the state.

We provided similar financial aid information for access on "Window on State Government," an information kiosk

produced by the State Comptroller's Office for installation in public libraries throughout Texas.

Other milestone products aided internal and industry-wide operations. Among the most applauded of these was the electronic version of the Common Manual, Unified Student Loan Policy. TGSLC developed the Electronic Common Manual, which is a computerized version of the recently printed policy manual developed by representatives from 25 guaranty agencies nationwide. It gives financial aid professionals the ease of browsing, bookmark, hypertext, and full-text cross-referencing features to speed navigating through the myriad regulations governing the industry. Available to all TGSLC clients and employees, the Common Manual is an important step toward getting the nation's widely varied education finance entities "reading off the same page."

#### Internal Initiatives

Beyond these innovations heralded by the New Products & Market Analysis Department, TGSLC made other internal

## MILESTONES

### 1988 Concerns, Issues, and Initiatives

By 1988, tuitions at colleges, universities and vocational institutions had risen beyond many families' financial means, while grants and scholarships failed to keep pace.

As reliance on the GSL program grew, particularly among mushrooming numbers of proprietary and trade schools, loan default rates for these schools' students far surpassed traditional two- and four-year colleges.

TGSLC's portfolio mix had shifted significantly with up to 36 percent of loan volume to students enrolled in proprietary schools. The reinsurance default trigger rate (the percentage of claims to loans in repayment) peaked at 11.1 percent in FY90 with claims payments of \$68.3 million.

For the next three years, the Corporation concentrated on stabilizing its loan portfolio mix, on educating borrowers on loan repayment responsibilities, on preclaims and collections efforts, and on policy revisions to reduce program abuse.

### TGSLC Reauthorization

In 1989, the Corporation guaranteed its two billionth student loan dollar and the 71st Texas Legislature approved legislation reauthorizing TGSLC for, another 12 years. Included in this reauthorization legislation was a provision allowing TGSLC to "participate in other revenue-generating activities" consistent with the purposes for which the Corporation was created.



CHERI WHITTEN,  
Vice President,  
First Interstate Bank, Dallas

"We've seen TGSIC's focus shift from schools and lenders to students and families. Our part in that shift is to provide more one-on-one involvement with students. We believe student borrowers will come back to the lender who takes a personal interest in them."



changes in FY95 to benefit borrowers, taxpayers, and customers.

This year, our Customer Assistance Department, aided by Internet connections, received inquiries on student loan opportunities from Texas and throughout the United States, Romania, Canada, and the Yucatan peninsula.

Other new Customer Assistance tools included Interactive Voice Response (IVR), "screen pop" account screens that let representatives instantly call up student callers' enrollment and loan records. We also expanded service hours from 7 a.m. to 7 p.m., allowing for coast-to-coast business hours operation.

With these service aids, Customer Assistance responded to 168,000 calls in FY95 — 20,000 more than last fiscal year — for an average of 700 borrower responses per day. This figure in itself was impressive, but it doesn't account for the 25 percent to 30 percent more incoming calls that were

answered by IVR without transferring to a representative. With the use of a touch tone phone, the IVR can give callers an account summary, or state whether their application has been approved.

Faced with reduced federal reinsurance and guarantee fee cap reductions in recent years, TGSLC redoubled its attention to recouping funds from defaulted borrowers. Our collections staff saw Corporate monthly recoveries jump from \$6 million in FY94 to \$8.6 million in FY95, for a 43 percent increase and total gross recoveries of over \$100 million for the year.

Much of the year's increased recoveries can be attributed to effective use of technology and a transition to a team-based Collections Department environment. Restoring defaulted borrowers to repayment not only ensures better value for Americans' tax dollars, it can also restore borrower credit and, after a probationary period, allow them continued higher education through the FFELP.

## MILESTONES

### **Enabling Statute, Services Expanded, Automated**

In 1990 TGSLC's Customer Assistance Department began operations with five telephone representatives to answer borrower questions about their loans. By January 1991, staff had more than doubled and by the fiscal year's end, had handled 130,880 incoming and outgoing calls.

With improved access to TGSLC's Loan Information Network Clearinghouse (LINC) through software interfaces, 1991 electronic loan application transmittal grew to 81 percent of the year's volume.

Schools and lenders piloted electronic funds transfer (EFT), enrollment reporting, and pre-purchase verifications on TGSLC's Texas Electronic Exchange Network (TexNet) system, breaking new ground for faster loan processing and electronic audit trails on borrower accounts.

In 1991, new Texas legislation enabled TGSLC to administer the student loan program for qualified Texas students, "in this state or elsewhere in the nation."



### Customer Advocacy Programs

Corporate emphasis remains on helping borrowers resolve their payment problems, even after a default claim is filed and collection efforts are underway.

This year we established a full-time Corporate Ombudsman position to focus on borrower inquiries and problems with student loan accounts. Primarily addressing defaulted student issues, our ombudsman also works with borrower issues involving the Department of Education and other program oversight agencies.

Even before the 1992 Reauthorization's provisions to reimburse closed school borrowers from January 1986 forward, TGSCL had successfully implemented a closed school policy, forgiving all or part of loans to borrowers whose school closed while they were attending. To date, TGSCL has discharged 5,280 loans for 4,085 borrowers with net guarantees totaling over \$12 million, an average of nearly \$3,000 per closed school borrower.

### New Customer Services

In FY95, we eliminated monthly charges to school financial aid offices using our TexNet telecommunications services, making electronic network operations in their offices a more cost-efficient option. Our TexNet group released a Windows™ version of LINC and, in conjunction with the University of Texas at Austin, implemented Application Printing and Processing Services (APPS). This service relieves schools of printing and mailing loan applications, gives students more timely guarantees, and eliminates data entry for lenders.

Additionally, our automation service developers recently allowed TexNet lenders to call up not only loans they currently hold, but also loans they originated. Now, when borrowers ask for information on their loan, lenders can help even if they no longer hold the loan in question. This is another step toward the "transparency" of a single holder/single server environment referred to in the fifth customer priority listed above. In the meantime, TGSCL and the Texas lending community continue working to resolve the single holder/servicer issue on a national level.

## MILESTONES

### FFELP Reauthorization: Direct Lending, Wage Withholding

1992's Congressional review and Reauthorization revisions included a small-scale pilot program of direct lending to students. At the same time, Congress reduced guarantors' default reinsurance from 100 percent to 98 percent and, in 1993, reduced guaranty fee caps from 3 percent to 1 percent.

In 1993 the new President called for immediate establishment of the Federal Direct Student Loan Program (FDSLPL), overriding the pilot program, to be implemented over the next six years.

### TGSCL Vision Statement; New Focus on Service

1992 and 1993's direct lending program prompted a re-focus of corporate purpose, vision, and mission, with renewed emphasis on services for student borrowers. Focus groups showed an industry-wide need to streamline, standardize, and simplify the entire education lending process.

An unexpected bi-product of the 1992 reauthorization was administrative wage withholding. Along with records cross-referencing agreements calling for defaulter repayment arrangements as a precondition for State Comptroller-issued employee warrants, and licensing agency re-issuance of professional licenses, TGSCL collection efforts took on new direction, depth, and strength.



TGSLC's Client Services Department added a Customer Support unit in FY95 as an adjunct to its staff to address technical and regulatory information and TGSLC policies with clients. Client Services logged another first this spring, overcoming the vast Texas geography that limits face-to-face sharing of information and ideas among our partners in lending, servicing, and school financial aid offices. Using video tape and satellite broadcast, the department headed up "Lights, Camera, Action," our first satellite broadcast video conference. Originating from Austin Community College, industry partners participated from eight host sites across the state.

In other internal process modifications, the Corporation consolidated skiptracing operations in our Default Prevention Department. We revamped Compliance Administrative Operations to streamline approval processes and eliminate or reduce review steps.

#### *Continuing Commitment*

The FFELP is a different program from the one enacted 30 years ago; and TGSLC is a different organization than the one begun in 1980.

Reauthorization of the 1965 Higher Education Act is scheduled for the 1997-98 legislative session, and we expect more debate and change in the Federal Title IV Student Financial Assistance programs. We will continue to work with our customers as well as federal and state policy makers to ensure that students and families have access to the financial aid they need to achieve their higher education goals.

Looking back, we've seen how important financial aid has been to the thousands of Texans like Barry and Betty Tyler, whose lives bear the benchmark of a postsecondary education, allowing them to make their mark on society.

That's why, as students like Tara Galloway and Rosa DeLoera look to the future, we will continue our leadership role within the student loan community. Working in partnership with other dedicated FFELP participants in Texas and beyond, we'll continue developing and promoting effective, cost-efficient ways to make sure that aid is available to John Tyler and future students like him, who also want the opportunity to leave their mark on society.

## MILESTONES

### *Expanded Enabling Statute, Borrower, and Information Base*

In 1994, TGSLC's research and policy analysis staff published the first edition of the Texas Higher Education School Fact Sheets, a comprehensive source of student profile, student cost, demographic, student loan and financial aid information. The publication, distributed to over 800 individuals and organizations annually, was the information basis for the State Comptroller's Window on State Government kiosks.

In 1995 Texas' legislature repealed a 16-year-old provision prohibiting the Corporation from guaranteeing loans for other states. The revised legislation allows TGSLC flexibility to respond to future opportunities regionally and nationally.

# A FINANCIAL OVERVIEW

TGSLC has enjoyed another financially strong year with revenue exceeding expenses by \$11.9 million. The fund balance has now grown to \$50.3 million.

During fiscal year 1995, TGSLC managed to increase its revenue by more than 14 percent, primarily due to the continued phenomenal growth in default recovery performance. Gross collections totaled \$103 million, up 43 percent from last year's \$72 million total. Recovery revenue now represents 45 percent of TGSLC's total revenue.

As a result of the first full year under the one percent fee cap (lowered from three percent), guarantee fees declined by 25 percent despite another all-time high loan volume of \$1.1 billion. Guarantee fees now account for 19 percent of total revenue. Administrative Cost Allowance increased eight percent due to the increased loan volume.

A nine percent increase in Supplemental Preclaims Assistance revenue reflects successful efforts in default prevention activity, as 323,000 claims were averted in FY95, representing a cure rate of 67 percent.

Operating expenses increased 21 percent, most of which were costs related to successful increases in default recovery activity and investments into new or improved products and services.

Default claims of \$184 million were down significantly from \$203 million last year; most default claims were reinsured at 100 percent, while a minimal amount were reinsured at the revised 98 percent rate. The reinsurance trigger rate was 4.97 percent, an improvement over 5.21 percent one year ago.

The school-type mix of the outstanding loan portfolio is 72 percent four-year, 19 percent proprietary and nine percent two-year; last year the portfolio represented 69 percent four-year, 22 percent proprietary and nine percent two-year.

Over \$8 million was added to TGSLC's reserve for meeting default guarantee obligations during fiscal year 1995, increasing the guarantee reserve to over \$60 million (1.80 percent of outstanding loans).

In addition, TGSLC's financial success allows for continued reinvestment of dollars into innovative products and services which have value to our customers.



James Patterson  
Vice President, Administration

# TOP TWENTY-FIVE SCHOOLS



Every year, Texas schools' financial aid officers perform the precarious balancing act of culling and combining finances from scarce resources, counseling and educating incoming students on the costs and rewards of the education opportunities being opened to them. We thank these men and women, and the schools they represent, for their uplifting vision, and their untiring efforts in making higher education a reality for so many Texas students and families.

<b>University of Texas at Austin</b> , Austin, Texas	\$124,249,906
<b>Texas A&amp;M University</b> , College Station, Texas	\$71,317,299
<b>Texas Tech University</b> , Lubbock, Texas	\$54,778,844
<b>University of North Texas</b> , Denton, Texas	\$47,784,483
<b>University of Houston – University Park</b> , Houston, Texas	\$41,239,362
<b>Baylor University</b> , Waco, Texas	\$39,447,279
<b>Stephen F. Austin State University</b> , Nacogdoches, Texas	\$24,317,504
<b>Southern Methodist University</b> , Dallas, Texas	\$24,128,361
<b>University of Texas at Arlington</b> , Arlington, Texas	\$23,407,171
<b>University of Texas at San Antonio</b> , San Antonio, Texas	\$21,597,588
<b>Texas Southern University</b> , Houston, Texas	\$19,779,599
<b>Texas Woman's University</b> , Denton, Texas	\$17,266,593
<b>Sam Houston State University</b> , Huntsville, Texas	\$16,895,006
<b>South Texas College of Law</b> , Houston, Texas	\$16,398,628
<b>Southwest Texas State University</b> , San Marcos, Texas	\$16,262,404
<b>University of Texas Health Science Center, San Antonio</b> , San Antonio, Texas	\$16,083,892
<b>University of Texas Health Science Center, Houston</b> , Houston, Texas	\$15,834,341
<b>Texas A&amp;I University</b> , Kingsville, Texas	\$15,146,221
<b>Tarleton State University</b> , Stephenville, Texas	\$15,056,703
<b>Abilene Christian University</b> , Abilene, Texas	\$14,819,025
<b>University of Texas at El Paso</b> , El Paso, Texas	\$14,282,579
<b>Our Lady of the Lake University</b> , San Antonio, Texas	\$12,548,241
<b>University of Texas – Pan American</b> , Edinburg, Texas	\$12,532,114
<b>East Texas State University</b> , Commerce, Texas	\$12,460,191
<b>Texas Christian University</b> , Fort Worth, Texas	\$11,904,844

## 1995 School Advisory Committee

**Raedean Bolton**, Texas Woman's University, Denton, Texas

**Madeline Burillo**, Texas School of Business, Houston, Texas

**Lawrence W. Burt**, University of Texas – Austin,  
Austin, Texas

**Yolanda Chapa**, Austin Community College, Austin, Texas

**Carolyn Cunningham**, University of North Texas,  
Denton, Texas

**Don Davis**, University of Texas at Austin, Austin, Texas

**Ed Ephlin**, Navarro College, Corsicana, Texas

**Jack Falks**, Texas A&M University, College Station, Texas

**Margaret Garza**, University of Texas Health Science Center  
– San Antonio, San Antonio, Texas

**Rosanna Garza**, South Texas vo-Tech Institute,  
McAllen, Texas

**Linda Gonzalez-Hensgen**, University of Texas at El Paso,  
El Paso, Texas

**Richard Hernandez**, Palo Alto College, San Antonio, Texas  
**Carolyn Houston**, Microcomputer Technology Institute  
(MTI), Houston, Texas

**Skip Landis**, Tarleton State University, Stephenville, Texas

**Mike Novak**, Southern Methodist University, Dallas, Texas  
**Susan Ryland**, Southwest Texas Junior College,  
Uvalde, Texas

**Rob Sheridan**, University of Houston – University Park,  
Houston, Texas

**Arnold Trejo**, University of Texas – Pan American,  
Edinburg, Texas

**Jackie Wilson**, Huston-Tillotson College, Austin, Texas



# TOP TWENTY-FIVE LENDERS

Continued growth and access to federally guaranteed student loan programs would not be possible without the participation of Texas' private lenders. Their pragmatic, real-world perspectives on the program provide the "reality check," that keeps the program working, and makes it an example of effective private/public partnership. We are grateful to our lenders for their contribution to TGSLC and to the thousands of students who count a higher education and a rewarding career among the defining moments in their lives.

<b>Bank One, Texas</b> , Irving, Texas	\$140,687,521
<b>Texas Commerce Bank, N.A.</b> , Houston, Texas	\$116,545,862
<b>Bank of America Texas, N.A.</b> , Irving, Texas	\$88,054,315
<b>Chase Manhattan Bank, N.A.</b> , Tampa, Florida	\$75,963,443
<b>First Interstate Bank</b> , Dallas, Texas	\$72,714,992
<b>Norwest Bank Texas, N.A.</b> , Lubbock, Texas	\$61,621,077
<b>University Federal Credit Union</b> , Austin, Texas	\$44,341,011
<b>Educaid</b> , Austin, Texas	\$42,812,240
<b>Texas Higher Education Coordinating Board</b> , Austin, Texas	\$33,741,199
<b>San Antonio Credit Union</b> , San Antonio, Texas	\$26,354,871
<b>First State Bank of Denton</b> , Denton, Texas	\$26,238,878
<b>Citibank, N.A.</b> , Pittsford, New York	\$26,054,904
<b>Texas Aggie Credit Union, (Branch of Greater Texas Federal Credit Union)</b> , College Station, Texas	\$24,781,197
<b>First National Bank of Abilene</b> , Abilene, Texas	\$24,159,355
<b>Frost National Bank</b> , San Antonio, Texas	\$21,871,627
<b>Boatmen's First National Bank of Amarillo</b> , Amarillo, Texas	\$21,401,841
<b>First State Bank</b> , Austin, Texas	\$20,820,151
<b>Texas Independent Bank/Dallas</b> , Irving, Texas	\$16,871,774
<b>Farmers &amp; Merchants National Bank, (c/o Brazos Higher Education Authority)</b> , Waco, Texas	\$13,776,477
<b>First American Bank</b> , College Station, Texas	\$13,369,467
<b>Texas National Bank of Waco</b> , Waco, Texas	\$11,984,638
<b>Commercial National Bank in Nacogdoches</b> , Nacogdoches, Texas	\$11,133,853
<b>NationsBank of Texas, N.A.</b> , Dallas, Texas	\$10,910,311
<b>Citizens State Bank</b> , Sealy, Texas	\$10,593,650
<b>First American Bank, SSB</b> , Bryan, Texas	\$9,471,716

## 1995 Lender Advisory Committee

**George Durstine, Jr.**, Bank One, Texas N.A., Irving, Texas  
**Ramiro Fonseca**, Texas Commerce Bank, Houston, Texas  
**Jack Hayes**, Sallie Mae, Killeen, Texas  
**Alan Ishida**, UNIPAC, Aurora, Colorado  
**Barbara Kelly**, Frost National Bank, San Antonio, Texas  
**Brett Kuhn**, Pilot Point National Bank, Pilot Point, Texas  
**Jan Patterson**, Norwest Bank Texas, N.A., Lubbock, Texas  
**Sylvia Sepulveda**, University Federal Credit Union,  
Austin, Texas  
**C.J. Smith**, Bank of America, Irving, Texas  
**Earl Smith**, Security Service Federal Credit Union,  
San Antonio, Texas

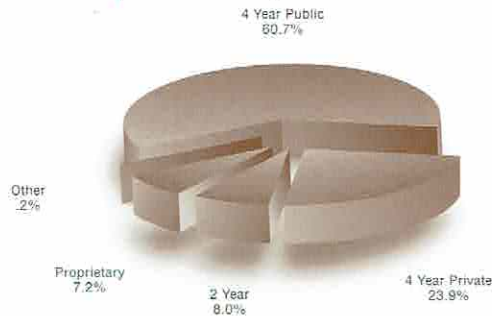
**Kyle Smith**, Central Texas Higher Education Authority,  
San Marcos, Texas  
**Dr. Bill Stewart**, Texas Higher Education Coordinating  
Board, Austin, Texas  
**Becky Sullivan**, Greater East Texas Servicing Corp.,  
Bryan, Texas  
**Pam Unnasch**, Brazos Higher Education Authority,  
Austin, Texas  
**Cathy Voltin**, Bank One, Irving, Texas  
**Cheri Whitten**, First Interstate Bank, Dallas, Texas



### Guarantee Volumes for Fiscal Years 1989 Through 1995 As of September 30, 1995

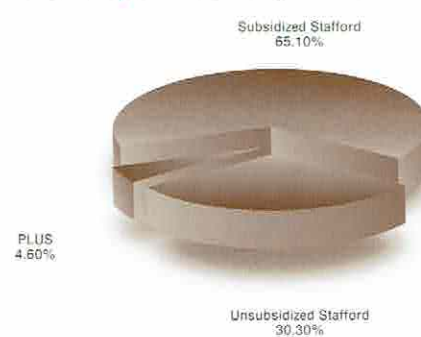
	Gross Volumes			Net Volumes		
	# of Borrowers	# of Loans	Amount	# of Borrowers	# of Loans	Amount
FY 1989	227,071	327,225	\$830,744,209	202,921	282,286	\$691,177,442
FY 1990	200,611	275,046	\$703,464,751	182,562	239,521	\$574,101,285
FY 1991	184,674	266,544	\$706,431,350	171,598	238,634	\$607,937,618
FY 1992	176,742	253,434	\$699,709,224	167,030	232,168	\$618,633,195
FY 1993	183,820	275,124	\$813,887,522	174,384	252,714	\$722,492,659
FY 1994	204,112	337,507	\$1,070,537,991	194,515	309,399	\$947,425,700
FY 1995	208,082	354,323	\$1,155,756,419	202,127	334,885	\$1,085,160,657

#### Portfolio Mix by School Sector As of September 30, 1995



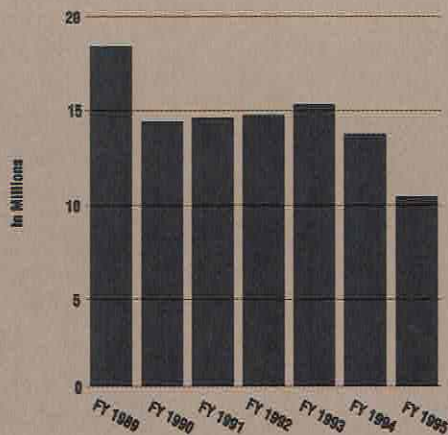
Source: Research & Policy Analysis

#### Portfolio Mix by Loan Program As of September 30, 1995



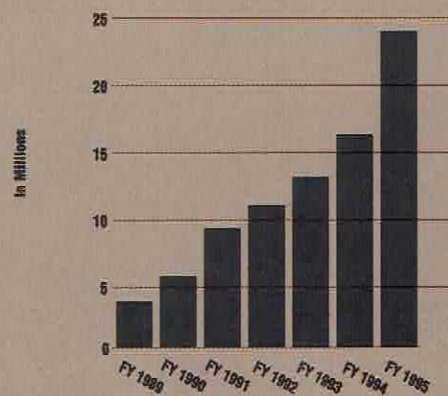
Source: Research & Policy Analysis

#### Guarantee Fee Revenue



Source: Research & Policy Analysis

#### TGSLC Recovery Revenue



Source: Research & Policy Analysis



**Texas Guaranteed Student Loan Corporation**  
**Consolidated Balance Sheets**  
**September 30, 1995 and 1994**

	1995	1994
<b>Assets</b>		
Cash & Cash Equivalents	\$14,961,721	\$9,029,325
Receivables:		
Reinsurance	4,446,759	29,414,692
Administrative Cost Allowance	5,539,199	7,135,725
Guarantee Fees	1,648,084	1,216,231
Note Receivable, Net	925,467	1,020,667
Accrued Interest & Other	1,324,031	1,356,656
Marketable Securities, Net	58,962,500	29,963,296
Recoverable Non-reinsured Claims	3,328,386	7,194,941
Property, Plant & Equipment, Net	4,755,879	3,626,224
Other Assets	128,727	110,411
<b>Total Assets</b>	<b>\$96,020,753</b>	<b>\$90,068,168</b>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities	\$4,983,649	\$2,507,442
Due to Department of Education	9,595,444	14,521,547
Notes Payable	78,239	7,136,570
Allowance for Claims & Other Costs	24,159,230	20,597,192
Federal 422 Advances	6,919,569	6,919,569
<b>Total Liabilities</b>	<b>45,736,131</b>	<b>51,682,320</b>
<b>Fund Balance</b>	<b>50,284,622</b>	<b>38,385,848</b>
<b>Total Liabilities &amp; Fund Balance</b>	<b>\$96,020,753</b>	<b>\$90,068,168</b>

The accompanying notes are an integral part of the consolidated financial statements.



**Texas Guaranteed Student Loan Corporation**  
**Consolidated Balance Sheets**  
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The accompanying notes are an integral part of the consolidated financial statements.

# CREDITS

Text	Cory Walton
Design/Art Direction	Art Martinez Jeff Blackburn
Photography	Randall Alhadeff
Financials	James Patterson Robin Fenner Linda Hackleman Janet Langley Brenda Hooper
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