

TENNESSEE STUDENT ASSISTANCE CORPORATION

Thursday, September 17, 2009

DISCUSSION ITEM G: License Revocation Update

Staff Recommendation For discussion only.

Background

TCA §§ 56-1-312 and 63-1-141 direct the TSAC to work with the Department of Commerce and Insurance and the Department of Health, respectively, to suspend the professional licenses or certificates of individuals who have defaulted on their federal student loans. Performance audits conducted in 2002 and 2008 by the State Comptroller's office include findings that TSAC did not have a process in place to comply with these statutes.

TSAC has been sending notices to defaulted borrowers encouraging them to contact TSAC to make payment arrangements or face the possibility of license suspension. To prevent suspension, the notice offers the borrower the opportunity to pay their balance in full, establish a reasonable payment plan, or request a hearing.

By statute, once the borrower signs for receipt of the notice, he or she has 90 days to comply with the requirements set forth in their default notice. Once 90 days expires, TSAC must file an Order of Default with the appropriate licensing board requesting appropriate action be taken with the borrower's license. TSAC has recently begun notifying the Department of Health of those borrowers who have not responded within the 90-day period.

Supporting Document *License Revocation Program, August 2009*