



## IN THIS ISSUE

- ⇒ 2011 Lottery Legislation Update 1
- ⇒ Financial Aid Administrator's Training Workshop 1
- ⇒ Lottery Legislation Update (cont.) 2
- ⇒ 2008 Cohort Default Rates 3
- ⇒ 2011 College Goal Sunday Report 3
- ⇒ Managing A Cohort Default Rate 4
- ⇒ TSAC Board of Directors Meeting 4

## 2011 Lottery Legislation Update

The 107<sup>th</sup> Tennessee General Assembly has reconvened after a three week hiatus which allowed the governor time to work on the state budget. The budget will be presented in early March. The deadline for filing new bills was Thursday, February 17<sup>th</sup> so the attached list of bills is current. As expected, there are several bills related to the lottery scholarship.

Governor Haslam has expressed his intention to allow lottery funds to be used for the summer term while placing a cap on the number of credit hours students can attempt under the program. There are several bills

which open the HOPE award to summer school and we anticipate an amendment from the Governor's Office will be proposed soon.

A sample of other bills that has been introduced include changing the initial HOPE eligibility requirements, extending the length of time that students with medical disabilities can receive HOPE, and modifying the Aspire program. In the attachment, you can click on the bill number and it will direct you to a summary page for the bill. If you have questions about a particular bill, please feel free to contact me at 615.253.7441 or [tim.phelps@tn.gov](mailto:tim.phelps@tn.gov).

... Continued on page 2

## Financial Aid Administrator's Training

Register now to reserve your spot for the training workshop on March 24, 2011. The sessions for the day include the following topics:

*Program Integrity Final Rules (How they impact your institution?)*

*Year Round Pell Grant*

*How to Create a Financial Literacy Program Toolbox*

*State Grant and Scholarship Programs*

*Non Traditional Lottery Scholarship Program*

Please R.S.V.P. to Karen Myers, your plans for you or your staff to attend the workshop. Refreshments will be served from 8:30 a.m. to 9:00 a.m. and the workshop sessions will begin at 9:00 a.m. and conclude at 3:30 p.m. Lunch will be provided. The deadline for reserving your space is March 18th. Karen can be contacted by calling 866.291.2675 ext.150 or at her direct line 615.253.7473. Her e-mail address is [karen.myers@TN.gov](mailto:karen.myers@TN.gov).



# 2011 Lottery Legislation Update (cont.)

| <u>House Bills</u>              | <u>Description</u>   |
|---------------------------------|--|
| <a href="#">House Bill 13</a>   | Gradually increases eligibility requirements for entering freshmen beginning in 2014-15 academic year  |
| <a href="#">House Bill 14</a>   | Changes eligibility requirement to 3.0 <b>and</b> 21 for eligible high school students and increases ACT requirement for all other students to 23  |
| <a href="#">House Bill 15</a>   | Changes terminating events to receipt of degree or eight (8) semesters or four years; if student is in program of study of more than 120 hours, award can be received for ten (10) semesters or five years   |
| <a href="#">House Bill 78</a>   | Establishes a work-study program for recipients of the HOPE with Aspire program.   |
| <a href="#">House Bill 79</a>   | Requires TSAC to develop, implement, and administer a student loan repayment program for nurses who perform community service or accept employment with the State if Tennessee   |
| <a href="#">House Bill 105</a>  | Divides the Aspire supplement into half grant (\$750) and half work-study (\$750). Students would have opportunity to earn work-study through employment with LEAs.  |
| <a href="#">House Bill 106</a>  | Allows HOPE Scholarship recipients to retain award by maintaining good academic standing   |
| <a href="#">House Bill 111</a>  | Allows entering freshmen who did not meet initial eligibility requirements to qualify for the HOPE Scholarship if they meet the GPA requirement at the first benchmark   |
| <a href="#">House Bill 170</a>  | Allows award to be used in summer; also, changes terminating events to receipt of degree or five years, or student can receive award for 10 full-time equivalent semesters. Students enrolled half time will use half of an award; students enrolled three fourths will use three fourths of an award; |
| <a href="#">House Bill 471</a>  | States that the award amount received by entering freshmen cannot be lowered in subsequent semesters unless there is a pro rata reduction – lower awards would impact future entering freshmen   |
| <a href="#">House Bill 474</a>  | Allows students with documented medical disabilities who can only attend part time to petition for an extension to receive the award longer  |
| <a href="#">House Bill 552</a>  | Similar to House Bill 474  |
| <a href="#">House Bill 796</a>  | Similar to House Bill 170  |
| <a href="#">House Bill 1195</a> | Creates the Tennessee HOPE Prospective Teacher’s Scholarship   |
| <a href="#">House Bill 1343</a> | Permits home school students to qualify for HOPE with a GPA of 3.0 or ACT score of 21  |
| <a href="#">House Bill 1590</a> | Redefines “eligible independent postsecondary institution” to include certain nonprofit institutions   |
| <a href="#">House Bill 1696</a> | Allows the HOPE Scholarship to be used during the summer, reduces years to receive the award from five to four, and alters awards for the Dual Enrollment Grant  |
| <u>Senate Bills</u>             | <u>Description</u>   |
| <a href="#">Senate Bill 271</a> | Creates a new lottery scholarship for students preparing to become teachers  |
| <a href="#">Senate Bill 543</a> | Increases length of time for HOPE Access recipients to enroll in a postsecondary institution from 16 months to 28 months   |

# 2008 Cohort Default Rates

The U.S. Department of Education (ED) recently released trial three-year Cohort Default Rates (CDR) for the fiscal year 2008. This is the percentage of an institution's borrowers who enter repayment between October 1, 2007 and September 30, 2008 and subsequently default on or before September 30, 2010. Trial rates and Loan Record Detail Report requests may be accessed from the National Student Loan Data System (NSLDS). The trial rates are public and can be located on the Federal Student Aid Data Center at [www.FSADataCenter.ed.gov](http://www.FSADataCenter.ed.gov).

While these trial rates do not hold any sanctions, they do provide insight as to the direction of the CDRs. The first actual three-year draft rates will be provided in February 2012 with the official rates being released in September 2012. ED will continue to calculate and release two-year rates along with three-year rates until there are 3 years of three-year rates, or through 2013. In 2014, only the three-year rates will be published.

Additionally, the two-year FY 2009 Draft Cohort Default rates were distributed on Monday, February 14, 2011. Schools that are enrolled in the Electronic Cohort Default Rate (eCDR) process received their rates and documentation through the Student Aid Internet Gateway (SAIG) mailbox. Schools that are not enrolled in eCDR may download their draft rate and reports from NSLDS.

Now is the time for action. Challenges to the draft rate began on Wednesday, February 23, 2011. We encourage schools to examine their draft rates and challenge any errors. Other activities may include:

- Review your trial three-year rates. Will your institution be in jeopardy?
- Heighten efforts in default prevention activities.
- Increase or implement financial literacy education.
- Take advantage of existing programs.
- TSAC can assist you with default prevention and financial literacy.
- For more information contact Cathy Jones at [cathy.l.jones@tn.gov](mailto:cathy.l.jones@tn.gov) or 615.587.1269.



# 2011 College Goal Sunday Report

More than 2,000 students and parents attended 35 College Goal Sunday (CGS) events this year. Thanks to all of you, we had 350 volunteers to help us staff the events. As usual, the comments on the evaluation forms from students and parents are heartwarming. If you haven't already served as a volunteer for CGS, it's a great experience. We'll be looking for you to join us as a volunteer in 2012.



# Managing a Cohort Default Rate

**W**hat do gas prices and cohort default rates have in common? They both seem to be on the rise. Just as there are actions one can take to use less fuel, there are procedures available for schools to reduce their cohort default rate (CDR).

The first step in managing a CDR is to examine the FY2009 draft rate. These rates were distributed on Monday, February 14, 2011. The draft rate forms the basis of a school's official CDR. Therefore the importance of reviewing the accuracy of the draft rate is a crucial step in managing the official rate as well as helping borrowers that be may listed as default in error.

As part of the draft notification, you should have received a Loan Record Detail Report (LRDR). The LRDR contains specific information on the loans that are included in your CDR. We recommend comparing information on the LRDR with school records. Attention should be given in reviewing the student separation information such as graduation, withdrawal, or below half-time enrollment dates. It may also be helpful to compare the LRDR with other loan information in the school records as well as outside information received from lenders and Data Managers (guarantors or servicers).

Any errors found should be challenged and submitted as an Incorrect Data Challenge (IDC). The CDR challenge timeframe began on February 23, 2011 and ends on April 8, 2011. IDCs must be submitted using the Electronic Cohort Default Rate Appeals or eCDR Appeal. Paper IDCs will not be accepted. The eCDR Appeals System can be located at <https://ecdrappeals.ed.gov/ecdra/index.html>.

The eCDR Appeals System includes helpful information such as:

- [Cohort Default Rate Guide](#)
- [eCDR Appeals IDC User Guide](#)
- [eCDR Appeals UDA User Guide](#)
- [eCDR Appeals NDA User Guide](#)

The advantages of using the eCDR are:

- Reduce risk of Privacy Act data being sent to wrong entity
- Ease of use in submitting a challenge
- Faster review time the Department
- Increase proper routing of submissions

Should you have any questions, contact Jane Pennington at [jane.pennington@tn.gov](mailto:jane.pennington@tn.gov) or phone 615.253.7487.

---

## TSAC Board of Directors Meeting

Tennessee Student Assistance Corporation  
Board of Directors Meeting

THEC Board Room, 18th Floor Parkway Towers  
404 James Robertson Parkway, Nashville, Tennessee  
Friday, March 18, 2011, 1:00 p.m. CDT

Agenda includes FFELP update, TSAA status report, TELS status report, Merit and Loan Forgiveness Programs status report, 2011-12 TSAC Budget, 2011 General Assembly Legislative report, College Goal Sunday report, and Communication Services report.