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Division of Publications
312 Rosa L. Parks Avenue, 8th Floor Snodgrass/TN Tower
Nashville, TN 37243
Phone: 615-741-2650
Fax: 615-741-5133
Email: register.information@tn.gov

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Sequence Number: 03-06-13
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File Date: 3/1/13
Effective Date: 8/29/13

Proposed Rule(s) Filing Form

Proposed rules are submitted pursuant to T.C.A. §§ 4-5-202, 4-5-207 in lieu of a rulemaking hearing. It is the intent of the Agency to promulgate these rules without a rulemaking hearing unless a petition requesting such hearing is filed within sixty (60) days of the first day of the month subsequent to the filing of the proposed rule with the Secretary of State. To be effective, the petition must be filed with the Agency and be signed by twenty-five (25) persons who will be affected by the amendments, or submitted by a municipality which will be affected by the amendments, or an association of twenty-five (25) or more members, or any standing committee of the General Assembly. The agency shall forward such petition to the Secretary of State.

Agency/Board/Commission:	Tennessee Student Assistance Corporation
Division:	Higher Education
Contact Person:	Peter Abernathy, Senior Associate Executive Director and Attorney
Address:	Suite 1510, Parkway Towers, 404 James Robertson Parkway, Nashville, TN
Zip:	37243
Phone:	615.532.6065
Email:	Peter.Abernathy@tn.gov

Revision Type (check all that apply):
X Amendment
___ New
___ Repeal

Rule(s) Revised (**ALL** chapters and rules contained in filing must be listed here. If needed, copy and paste additional tables to accommodate multiple chapters. Please enter only **ONE** Rule Number/Rule Title per row)

Chapter Number	**Chapter Title**
1640-01-01	Tennessee Student Assistance Program
Rule Number	**Rule Title**
1640-01-01-.01	Definitions
1640-01-01-.02	Student Eligibility-Award Use
1640-01-01-.03	Financial Need
1640-01-01-.04	Reports and Record Access
1640-01-01-.05	Standards for Institutional Reviews and Error Resolution

Chapter 1640-01-01
Tennessee Student Assistance Program

Amendments

Paragraph (5) of Rule 1640-01-01-.01 Definitions is amended by deleting the current language in its entirety and renumbering each subsequent paragraph accordingly.

The new Paragraph (8) of Rule 1640-01-01-.01 Definitions is amended by deleting the current language in its entirety and substituting the following language so that as amended the paragraph shall read:

(8) Institution of Higher Education: A public or non-profit educational institution in Tennessee that:

(a) Admits as regular students only persons who have a high school diploma, the recognized equivalent of a high school diploma, or are beyond the age of compulsory school attendance in Tennessee and who have the ability to benefit from the training offered;

(b) Is legally authorized to provide an educational program beyond secondary education in Tennessee; and

(c) Provides an educational program for which it awards an associate or baccalaureate degree, or provides at least a two-year program which is acceptable for full credit toward a baccalaureate degree, or provides at least a one-year training program which leads to a certificate or degree and prepares students for gainful employment in a recognized occupation.

The term "educational institution" as used in this definition shall be construed to include a hospital school of nursing which offers a diploma nursing program accredited by the National School of Nursing. Provided, however, that any postsecondary educational institution which is accredited by the Southern Association of Colleges and Schools, the Accrediting Council for Independent Colleges and Schools, or by the Council on Occupational Education or by the Accrediting Commission of Career Schools and Colleges of Technology and which meets standards specified in (a), (b), and (c) shall be deemed to be an institution of higher education, and has been authorized to operate by the Tennessee Higher Education Commission (THEC) pursuant to the Postsecondary Education Authorization Act of 1974.

The new Paragraph (11) of Rule 1640-01-01.01 Definitions is amended by adding paragraph (11) as new language so that as amended the paragraph shall read:

(11) TSAC: Tennessee Student Assistance Corporation.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-301.

Paragraph (1) of Rule 1640-01-01-.02 Student Eligibility-Award Use is amended by deleting the current language in its entirety and substituting the following language so that as amended the paragraph shall read:

(1) A person shall be eligible for a student assistance award upon submission of an application and when TSAC determines:

(a) The applicant is a resident of Tennessee, as defined by regulations promulgated by the Tennessee Board of Regents.

(b) The applicant has financial need.

(c) The applicant is enrolled or intends to enroll in an eligible postsecondary institution as an undergraduate student on at least a half-time basis as established by federal financial aid minima.

(d) The applicant has applied for a Federal Pell Grant under Title IV-A-1 of the Higher Education Act of 1965, as amended, and has been assigned an Expected Family Contribution (EFC) by the U.S. Department of Education or its contractor, and has that EFC on file at the postsecondary institution to be attended.

(e) If previously enrolled in the eligible postsecondary institution, that the applicant remains in good standing and is making satisfactory progress according to the standards and practices of the institution.

(f) The applicant does not owe a refund or repayment on any grant, and is not in default on any loan, received at any institution under provisions of Title IV of the Higher Education Act of 1965, as amended.

(g) The applicant is not incarcerated as defined in rule 1640-01-01-.01(07).

Paragraph (4) of Rule 1640-01-01-.02 Student Eligibility-Award Use is amended by deleting the current language in its entirety and substituting the following language so that as amended the paragraph shall read:

(4) Award recipients who desire to transfer their student assistance award from one eligible postsecondary institution to another must make a request in writing to TSAC or transmit the information by updating their FAFSA.

Paragraph (5) of Rule 1640-01-01-.02 Student Eligibility-Award Use is amended by deleting the current language in its entirety and substituting the following language so that as amended the paragraph shall read:

(5) Award recipients may receive awards to a maximum for:

(a) A four-year program, up to 8 semesters or 12 quarters;

(b) A three-year program, up to 6 semesters or 9 quarters;

(c) A two-year program, up to 4 semesters or 6 quarters;

(d) A one-year program, up to 2 semesters or 3 quarters; and

(e) A six-month program, up to 1 semester or 2 quarters or until completion of the program of study, whichever comes first, assuming all other eligibility requirements are met.

Authority: T.C.A. §§ 49-4-201, 49-4-203, 49-4-204, 49-4-209, 49-4-301, and 49-4-302.

Paragraph (1) of Rule 1640-01-01-.03 Financial Need is amended by deleting the phrase "from time to time" so that as amended the paragraph shall read:

(1) The parents' or students' ability to contribute to educational expenses shall be measured using the same guidelines as those used in determining eligibility for assistance under the Federal Pell Grant Program, as those guidelines may be changed or amended.

Paragraph (3) of Rule 1640-01-01-.03 Financial Need is amended by deleting the current language in its entirety and substituting the following language so that as amended the paragraph shall read:

(3) TSAC will establish a maximum contribution index level based on anticipated appropriations.

Students with a contribution index equal to or less than the maximum amount will receive award commitments on a first-come, first-served basis until appropriated funds are exhausted.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-301.

Paragraph (1) of Rule 1640-01-01-.04 Reports and Record Access is amended by deleting the current language in its entirety and substituting the following language so that as amended the paragraph shall read:

(1) Postsecondary institutions enrolling student assistance award recipients shall certify and report the following information to TSAC before payments of assistance are made:

(a) That the student is or was enrolled for the appropriate academic term for half-time, three-fourths, or full-time enrollment.

(b) That the student is in good standing and making satisfactory progress according to the standards and practices of the institution, under provisions of Title IV of the Higher Education Act of 1965, as amended.

(c) That the student does not owe a refund on any grant or is not in default on any loan received at any institution under provisions of Title IV of the Higher Education Act of 1965, as amended.

(d) The student's current Expected Family Contribution.

(e) That the student's total resources which when combined with payments by TSAC will not result in the student receiving funds in excess of his or her cost of education as determined by criteria employed by the institution in administration of other programs of student financial assistance authorized by Title IV of the Higher Education Act of 1965, as amended.

(f) That the student has on file with the institution a Statement of Registration Compliance for periods of instruction beginning on or after July 1, 1983 certifying that he or she is registered with Selective Service or that he or she is not required to be registered.

(g) That the student has on file with the institution a statement for the periods of instruction beginning on or after July 1, 1989 certifying that he or she is in compliance with the Anti-Drug Abuse Act.

Paragraph (3) of Rule 1640-01-01-.04 Reports and Record Access is amended by deleting the phrase "and/or parents" so that as amended the paragraph shall read:

(3) The confidential relationship of the student shall not be violated. Student files shall be utilized only by the TSAC staff. Confidential information will not be released without written approval from the applicant. Statistical data may be released provided such reports do not identify individuals. Outside research projects may utilize reported statistical information, other requests will require approval by the TSAC Board of Directors; and should such requests require special computer programming, care shall be taken to protect the student's confidentiality and any expense generated by special requests shall be paid by the outside research project, provided; however, student records shall be accessible to the Comptroller of the Treasury for audit purposes.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-301.

Paragraph (2) of Rule 1640-01-01-.05 Standards for Institutional Reviews and Error Resolution is amended by adding the phrase "as noted below" so that as amended the paragraph shall read:

(2) TSAC shall resolve disputes related to the final report of an institution's Program Review as noted below:

Subparagrpah (2)(a) of Rule 1640-01-01-6.05 Standards for Institutional Reviews and Error Resolution is amended by deleting the word "the Executive Director" and replacing it with "TSAC's Executive Director" so that as amended the subparagraph shall read:

(a) The institution shall be allowed an additional thirty (30) day period to request a hearing and/or to provide additional documentation for review by TSAC's Executive Director.

1. If the Executive Director's review of the additional documentation does not resolve the dispute, the institution may request a hearing within thirty (30) days of the Executive Director's decision.

2. If a hearing is requested, such hearing shall be requested in writing and sent to the Executive Director. The hearing shall be conducted in accordance with Chapter 1360-04-01, Uniform Rules of Procedure for Hearing Contested Cases Before State Administrative Agencies, Rules of Secretary of State, by the Tennessee Student Assistance Corporation Appeals Committee. Such Appeals Committee, composed of five (5) members of the Tennessee Student Assistance Corporation Board of Directors, appointed annually by the Chairman, shall within a reasonable period of time, set a date for the hearing. The Appeals Committee shall, in consultation with U.S. Department of Education officials, when necessary, render a decision within thirty (30) days of the hearing.

(b) Final resolution, which may include financial restitution and/or a plan for corrective action to prevent recurrence, must be made within thirty (30) days of the Appeals Committee's decision.

(c) Should the institution fail to respond within forty-five (45) days of the final report or to take corrective action or to make restitution within thirty (30) days after the decision from the Appeals Committee hearing, TSAC shall begin proceedings to suspend the institution from participation in TSAC programs for sixty (60) days. This suspension will be effective twenty (20) days from receipt by the school of TSAC's notification of suspension. Notification of suspension, along with copies of all findings and responses, will be sent to the U.S. Department of Education.

(d) Should the school fail to take corrective action or to make restitution within forty-five (45) days of the suspension, TSAC shall terminate the institution by informing the institution that within twenty (20) days from receipt of notification, the institution is terminated from all TSAC programs.

(e) If an institution is suspended or terminated during a term, all enrolled students attending that institution who received Tennessee Student Assistance Award Program award letters or on whose behalf TSAC endorsed an educational loan before the effective date of the suspension or termination will be paid:

(1) For that term, as in the case of a grant, or

(2) For "the period of the loan," as in the case of an educational loan.

(f) Reinstatement of eligibility may be requested of the Tennessee Student Assistance Corporation Board after a period of one (1) year after date of termination, but only if the institution is eligible for other Title IV programs.

Authority: T.C.A. §§ 49-4-201 and 49-4-204.

The vote by the Agency on these rules was as follows:

Board Member	Aye	No	Abstain	Absent	Signature (if required)
Governor Haslam, by Mr. Mark Cate	X				
Dr. Richard Rhoda by Russ Deaton	X				
Dr. Claude Pressnell	X				
Mr. David H. Lillard, Jr., by Joy Harris	X				
Comptroller Justin P. Wilson, by Ms. Faye Weaver	X				
Commissioner Mark Emkes, by Greg Turner	X				
Commissioner Kevin Huffman, by Mr. Morgan Branch	X				
Chancellor John Morgan	X				
Dr. Joe Dipietro, by Dr. Keith Carver	X				
Betty Sue McGarvey	X				
Dr. J. Gary Adcox	X				
Mr. Lester McKenzie	X				
Mr. William Samuel Stuard, Jr.				X	
Mr. Will Pinkston	X				
Mr. Jeff Wilson	X				
LaSimba Gray	X				
Mr. John Alexander Peek	X				

I certify that this is an accurate and complete copy of proposed rules, lawfully promulgated and adopted by the TSAC Board of Directors on 03/15/2012, and is in compliance with the provisions of T.C.A. § 4-5-222. The Secretary of State is hereby instructed that, in the absence of a petition for proposed rules being filed under the conditions set out herein and in the locations described, he is to treat the proposed rules as being placed on file in his office as rules at the expiration of sixty (60) days of the first day of the month subsequent to the filing of the proposed rule with the Secretary of State.

Date: 10.11.12

Signature: [signature]

Name of Officer: Richard G. Rhoda

Title of Officer: Executive Director

Subscribed and sworn to before me on: 10/11/12

Notary Public Signature: Constance A. [signature]

My commission expires on: 1/7/2013

All proposed rules provided for herein have been examined by the Attorney General and Reporter of the State of Tennessee and are approved as to legality pursuant to the provisions of the Administrative Procedures Act, Tennessee Code Annotated, Title 4, Chapter 5.

[signature]
Robert E. Cooper, Jr.
Attorney General and Reporter

1-31-13
Date

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Filed with the Department of State on: 3/1/13

Effective on: 8/29/13

[signature]
Tre Hargett
Secretary of State

Regulatory Flexibility Addendum

Pursuant to T.C.A. §§ 4-5-401 through 4-5-404, prior to initiating the rule making process as described in T.C.A. § 4-5-202(a)(3) and T.C.A. § 4-5-202(a), all agencies shall conduct a review of whether a proposed rule or rule affects small businesses.

The agency shall consider without limitation, certain methods of reducing the impact of the proposed rule on small businesses while remaining consistent with health, safety and well-being and those methods are as follows: the extent to which the proposed rule or rules may overlap, duplicate, or conflict with other federal, state, and local governmental rules; clarity, conciseness, and lack of ambiguity in the proposed rule or rules; the establishment of flexible compliance and/or reporting requirements for small businesses; the establishment of friendly schedules or deadlines for compliance and/or reporting requirements for small businesses; the consolidation or simplification of compliance or reporting requirements for small businesses; the establishment of performance standards for small businesses as opposed to design or operational standards required in the proposed rule; and the unnecessary creation of entry barriers or other effects that stifle entrepreneurial activity, curb innovation, or increase costs.

Description of Proposed Amendments

The Tennessee Student Assistance Corporation (TSAC) intends to file the proposed rules pursuant to T.C.A. § 4-5-202 in lieu of a rulemaking hearing to amend the current rules of Chapter 1640-01-01 Tennessee Student Assistance Program Awards (TSAA). It is the intent of TSAC to promulgate these rules without a public rulemaking hearing unless a petition requesting such hearing is filed within sixty (60) days after the first day of the month subsequent to the filing of the proposed rule with the Secretary of State.

The proposed changes to the rules include removing the deadline to transfer an award; requiring Tennessee residency as defined by the Tennessee Board of Regents; removing a requirement that each student have a statement on file with the institution that funds will be used for expenses related to attendance; and addressing various technical corrections and housekeeping matters.

Regulatory Flexibility Analysis - Methods of Reducing the Impact of Rules on Small Businesses

1. Overlap, duplicate, or conflict with other federal, state, and local governmental rules:

   The proposed rules will not overlap, duplicate, or conflict with other federal, state, and local governmental rules.

2. Clarity, conciseness, and lack of ambiguity in the rule or rules:

   The proposed rules were patterned to ensure clarity and conciseness of the language of the rules and to eliminate possible ambiguity in the interpretation of the rules.

3. Flexible compliance and/or reporting requirements for small businesses:

   The proposed rules were drafted to facilitate administration of the program for all postsecondary education institutions.

4. Friendly schedules or deadlines for compliance and/or reporting requirements:

   TSAC worked diligently with key postsecondary education institution personnel to ensure that proposed compliance and/or reporting requirements can be practically applied by institutions administering the program.

5. Consolidation or simplification of compliance or reporting requirements:

   The proposed rules were drafted to ensure solid, easily interpreted, compliance and reporting

requirements.

6. Performance standards for small businesses:

   TSAC expects all education institutions engaged in the administration of the Tennessee Student Assistance Program to comply with all applicable rules.

7. Barriers or other effects that stifle entrepreneurial activity, curb innovation, or increase costs:

   The proposed rules do not contain any foreseeable inhibitors to small business entrepreneurial activities.

Furthermore, the statute requires that the agency, as part of the rulemaking process for any proposed rule that may have an impact on small businesses, shall prepare an economic impact statement as an addendum for each rule. The statement shall include the following: the type or types of small businesses and an identification and estimate of the number of small businesses subject to the proposed rule that would bear the cost of, and/or directly benefit from the proposed rules; the projected reporting, recordkeeping and other administrative costs required for compliance with the proposed rule, including the type of professional skills necessary for preparation of the report or record; a statement of the probable effect on impacted small businesses and consumers; a description of any less burdensome, less intrusive or less costly alternative methods of achieving the purpose and/or objectives of the proposed rule that may exist, and to what extent, such alternative means might be less burdensome to small businesses; a comparison of the proposed rule with any federal or state counterparts; and analysis of the effect of the possible exemption of small businesses from all or any part of the requirements contained in the proposed rule.

Economic Impact Statement

1. Types of small businesses directly affected:

   Independent postsecondary education institutions that employ fifty (50) or fewer full-time employees that have students in attendance receiving this grant program.

2. Projected reporting, recordkeeping, and other administrative costs:

   There are no significant changes in reporting, recordkeeping, or other administrative costs that will result from the promulgation of these proposed rules.

3. Probable effect on small businesses:

   The proposed rules were drafted to facilitate administration of the program for all postsecondary institutions and should have a positive effect on the independent postsecondary institutions employing fifty (50) or fewer full-time employees.

4. Less burdensome, intrusive, or costly alternative methods:

   As these proposed rules present no foreseeable cost to small businesses, there is no alternative method to propose.

5. Comparison with federal and state counterparts:

   There are no federal or state counterparts to the issues addressed by these proposed rules.

6. Effect of possible exemption of small businesses:

   There will be no exemptions created by these proposed rules.

Impact on Local Governments

Pursuant to T.C.A. §§ 4-5-220 and 4-5-228 "any rule proposed to be promulgated shall state in a simple declarative sentence, without additional comments on the merits of the policy of the rules or regulation, whether the rule or regulation may have a projected impact on local governments."

The rules for the Tennessee Student Assistance Program Chapter 1640-01-01, as amended, shall have no projected impact on local governments.

Additional Information Required by Joint Government Operations Committee

All agencies, upon filing a rule, must also submit the following pursuant to T.C.A. § 4-5-226(i)(1).

(A) A brief summary of the rule and a description of all relevant changes in previous regulations effectuated by such rule;

The proposed rule acts to adopt changes to the Tennessee Student Assistance Program Awards (TSAA) Chapter 1640-01-01 as proposed rules. These rules regulate a state funded program pursuant to TCA § 49-4-301 to provide educational grants to students with financial need for the purpose of attending a postsecondary institution in Tennessee.

The proposed changes to the rules include removing the deadline to transfer an award; requiring Tennessee residency as defined by the Tennessee Board of Regents; removing a requirement that each student have a statement on file with the institution that funds will be used for expenses related to attendance; and addressing various technical corrections and housekeeping matters providing consistency within the rule and with other rules of the Tennessee Student Assistance Corporation (TSAC)..

(B) A citation to and brief description of any federal law or regulation or any state law or regulation mandating promulgation of such rule or establishing guidelines relevant thereto;

Tenn. Code Ann. § 49-4-301 authorizes TSAC to administer the TSAA Program and Tenn. Code Ann. § 49-4-204 authorizes TSAC to promulgate rules and regulations relative to such program.

(C) Identification of persons, organizations, corporations or governmental entities most directly affected by this rule, and whether those persons, organizations, corporations or governmental entities urge adoption or rejection of this rule;

TSAC, the Tennessee Higher Education Commission (THEC), the Tennessee Independent Colleges and Universities Association, the Tennessee Association of Student Financial Aid Administrators, Tennessee postsecondary institutions, and those students with a financial need attending or planning to attend eligible postsecondary institutions in Tennessee are most directly affected by these proposed rules.

The aforementioned organizations, corporations, institutions, governmental entities, and individuals directly affected by this rule urge adoption of the proposed rules.

(D) Identification of any opinions of the attorney general and reporter or any judicial ruling that directly relates to the rule;

There are no opinions of the Attorney General and reporter or any judicial ruling that directly relates to the rule.

(E) An estimate of the probable increase or decrease in state and local government revenues and expenditures, if any, resulting from the promulgation of this rule, and assumptions and reasoning upon which the estimate is based. An agency shall not state that the fiscal impact is minimal if the fiscal impact is more than two percent (2%) of the agency's annual budget or five hundred thousand dollars ($500,000), whichever is less;

There is no financial impact resulting from the proposed rule changes.

(F) Identification of the appropriate agency representative or representatives, possessing substantial knowledge and understanding of the rule;

Peter Abernathy, TSAC Senior Associate Executive Director and Staff Attorney, and Tim Phelps, TSAC Associate Executive Director for Grants and Scholarships.

(G) Identification of the appropriate agency representative or representatives who will explain the rule at a scheduled meeting of the committees;

Peter Abernathy, TSAC Senior Associate Executive Director and Staff Attorney, and Tim Phelps, TSAC Associate Executive Director for Grants and Scholarships.

(H) Office address, telephone number, and email address of the agency representative or representatives who will explain the rule at a scheduled meeting of the committees; and

Peter Abernathy
Senior Associate Executive Director and Staff Attorney
Tennessee Student Assistance Corporation
Suite 1510, Parkway Towers
404 James Robertson Parkway
Nashville, TN 37243
615.532.6065
Peter.Abernathy@tn.gov

Tim Phelps
Associate Executive Director for Grants and Scholarships
Tennessee Student Assistance Corporation
Suite 1510, Parkway Towers
404 James Robertson Parkway
Nashville, TN 37243
615.253.7441
Tim.Phelps@tn.gov

(I) Any additional information relevant to the rule proposed for continuation that the committee requests.

There is none received to date.

RULES
OF
TENNESSEE STUDENT ASSISTANCE CORPORATION
CHAPTER 1640-01-01
TENNESSEE STUDENT ASSISTANCE PROGRAM

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1640-01-01-.01 DEFINITIONS.

(1) Academic Term: A semester, trimester, quarter, or 300 clock hours of training.

(2) Academic Year: A period of time, typically eight or nine months, in which a full-time student is expected to complete the equivalent of two semesters, two trimesters, or three quarters at an eligible postsecondary institution using credit hours, or at least 900 clock hours of training for a program using clock hours. A clock hour is a 50 to 60 minute class, lecture, recitation, or a faculty supervised laboratory, shop training, or internship.

(3) Application: The Free Application for Federal Student Aid (FAFSA).

(4) Contribution Index: The Expected Family Contribution (EFC), which is a measure of parental and/or student ability to contribute toward payment of educational expenses.

~~(5) Corporation: The Tennessee Student Assistance Corporation (TSAC).~~

(~~6~~5) Eligible Postsecondary Institution: Those institutions which are entitled to enroll student assistance award recipients as provided in T.C.A. § 49-4-301.

(~~7~~6) Financially Independent Student: A person who meets the conditions established by the U.S. Department of Education as used in the administration of student assistance programs authorized by the Higher Education Act of 1965, as amended.

(~~8~~7) Incarcerated: Currently confined to a local, state, or federal correctional institution, which would include work release or educational release facilities.

(~~9~~8) Institution of Higher Education: A public or non-profit educational institution in Tennessee ~~which~~that:

(a) ~~A~~admits as regular students only persons who have a high school diploma, the recognized equivalent of a high school diploma, or are beyond the age of compulsory school attendance in Tennessee and who have the ability to benefit from the training offered;

(b) ~~I~~is legally authorized to provide an educational program beyond secondary education in Tennessee; and

(c) ~~P~~provides an educational program for which it awards an associate or baccalaureate degree, or provides at least a two-year program which is acceptable for full credit toward a baccalaureate degree, or provides at least a one-year training program which leads to a certificate or degree and prepares students for gainful employment in a recognized occupation.

(Rule 1640-01-01-.01, continued)

The term "educational institution" as used in this definition shall be construed to include a hospital school of nursing which offers a diploma nursing program accredited by the National School of Nursing. Provided, however, that any postsecondary educational institution which is accredited by the Southern Association of Colleges and Schools, the Accrediting Council for Independent Colleges and Schools, or by the Council on Occupational Education or by the Accrediting Commission of Career Schools and Colleges of Technology and which meets standards specified in (a), (b), and (c) shall be deemed to be an institution of higher education, ~~provided, it~~and has been authorized to operate by the Tennessee Higher Education Commission (THEC) pursuant to the Postsecondary Education Authorization Act of 1974.

(~~10~~9) Nonprofit Institution of Higher Education: An institution of higher education owned and operated by one or more nonprofit corporations or associations whose net earnings do not benefit, and cannot lawfully benefit any private shareholder or entity.

(1~~1~~0) Pell Grant Program: The program of federal student assistance authorized by Part A, Title IV, Higher Education Act of 1965, as amended.

(11) TSAC: Tennessee Student Assistance Corporation (TSAC).

(12) Undergraduate student: Those persons enrolled in an eligible postsecondary institution as defined in T.C.A. § 49-4-301 and who have not received a baccalaureate degree.

Authority: *T.C.A. §§ 49-4-201, 49-4-204, and 49-4-301.* ***Administrative History:*** *Original rule filed January 23, 1976; effective April 15, 1976. Repeal and new rule filed July 6, 1976; effective August 5, 1976. Amendment filed October31, 1980; effective January 28, 1981. Amendment filed July 30, 1982; effective October 13, 1982. Amendment filed October 20, 1982; effective January 14, 1983. Amendment filed October 21, 1987; effective January 27, 1988.Amendment filed February 9, 1990; effective May 29, 1990. Amendment filed July 12, 1990; effective October 29, 1990. Amendment filed March 5, 1992; effective June 29, 1992. Amendment filed September 3, 1992; effective December 29, 1992. Amendment filed April 28, 1993; effective July 28, 1993. Amendment filed May 27, 1999; effective September 28, 1999. Amendment filed June 30, 2000; effective October 28, 2000.*

1640-01-01-.02 STUDENT ELIGIBILITY-AWARD USE.

(1) A person shall be eligible for a student assistance award upon submission of an application and when TSAC determines:

(a) ~~He or she~~The applicant is a resident of Tennessee, as defined by regulations promulgated by the Tennessee Board of Regents.

(b) ~~He or she~~The applicant has financial need.

(c) ~~He or she~~The applicant is enrolled or intends to enroll in an eligible postsecondary institution as an undergraduate student on at least a half-time basis as established by federal financial aid minima.

(d) ~~He or she~~The applicant has applied for a Federal Pell Grant under Title IV-A-1 of the Higher Education Act of 1965, as amended, and has been assigned an Expected Family Contribution (EFC) by the U.S. Department of Education or its contractor, and has that EFC on file at the postsecondary institution to be attended.

(e) If previously enrolled in the eligible postsecondary institution, that ~~he or she~~the applicant remains in good standing and is making satisfactory progress according to the standards and practices of the institution.

(Rule 1640-01-01-.02, continued)

(f) ~~He or she~~The applicant does not owe a refund or repayment on any grant, and is not in default on any loan, received at any institution under provisions of Title IV of the Higher Education Act of 1965, as amended.

(g) ~~He or she~~ The applicant is not incarcerated as defined in rule 1640-01-01-.01(0~~8~~7).

(2) Award recipients must use student assistance awards for educationally related expenses. A recipient to whom credit has been extended during the enrollment process should give first priority to the liquidation of that obligation before using the proceeds of the awards to defray other educational expenses. All state financial aid granted to students shall be first applied to tuition and fees, room and board, and the excess, if any, shall be distributed to the recipient according to Title IV of the Higher Education Act of 1965, as amended.

(3) Enrolled award recipients who withdraw prior to or after certification of enrollment, but prior to the completion of the term will have a portion of the award paid in accordance with the institution's published refund policies.

(4) Award recipients who desire to transfer their student assistance award from one eligible postsecondary institution to another must make a request in writing to TSAC or transmit the information by updating their FAFSA. ~~If funds are available, requests for transfers will be approved if received by TSAC on or before September 1 for the Fall Quarter or Fall Semester, on or before December 1 for the Winter Quarter or Spring Semester, and on or before March 1 for the Spring Quarter. The Executive Director may extend the deadline if written verification of late enrollment acceptance or unusual circumstances is received from the postsecondary institution.~~

(5) Award recipients may receive awards to a maximum for:

(a) ~~A~~a four-year program, up to 8 semesters or 12 quarters;

(b) ~~A~~a three-year program, up to 6 semesters or 9 quarters;

(c) ~~A~~a two-year program, up to 4 semesters or 6 quarters;

(d) ~~A~~a one-year program, up to 2 semesters or 3 quarters; and

(e) ~~A~~a six-month program, up to 1 semester or 2 quarters or until completion of the program of study, whichever comes first, assuming all other eligibility requirements are met.

Authority: *T.C.A. §§ 49-4-201, 49-4-203, 49-4-204, 49-4-209, 49-4-301, and 49-4-302.* ***Administrative History:*** *Original rule filed January 23, 1976; effective April 15, 1976. Repeal and new rule filed July 6, 1976; effective August 5, 1976. Amendment filed January 9, 1979; effective February 23, 1979. Amendment filed October 31, 1980; effective January 28, 1981. Amendment filed July 30, 1982; effective October 13, 1982. Amendment filed July 10, 1984; effective October 14, 1984. Amendment filed September 3, 1985; effective December 14, 1985. Amendment filed April 10, 1986; effective July 14, 1986. Amendment filed December 5, 1986; effective March 31, 1987. Amendment filed January 20, 1987; effective April 29, 1987. Amendment filed October 21, 1987; effective January 27, 1988.Amendment filed February 9, 1990; effective May 29, 1990. Amendment filed May 7, 1991; effective August 28 1991. Amendment filed September 3, 1992; effective December 29, 1992. Amendment filed April 28, 1993; effective July 28, 1993. Amendment filed October 26, 1993; effective March 1, 1994. Amendment filed May 27, 1999; effective September 28, 1999. Amendment filed August 28, 2002; effective December 27, 2002.*

1640-01-01-.03 FINANCIAL NEED.

(Rule 1640-01-01-.03, continued)

(1) The parents' or students' ability to contribute to educational expenses shall be measured using the same guidelines as those used in determining eligibility for assistance under the Federal Pell Grant Program, as those guidelines may ~~from time to time~~ be changed or amended.

(2) The maximum award paid each year shall be based on available funds and shall be determined by the TSAC Board of Directors. TSAC shall develop and publish the payment table annually.

(3) ~~Should anticipated funding be insufficient to serve the expected number of eligible applicants,~~ TSAC will establish a maximum contribution index level based on anticipated appropriations. Students with a contribution index equal to or less than the maximum amount will receive award commitments on a first-come, first-serv~~ic~~ed basis until appropriated funds are exhausted.

Authority: *T.C.A. §§ 49-4-201, 49-4-204, and 49-4-301.* ***Administrative History:*** *Original rule filed January 23, 1976; effective April 15, 1976. Repeal and new rule filed July 6, 1976; effective August 5, 1976. Amendment filed January9, 1979; effective February 23, 1979. Amendment filed December 27, 1979; effective March 30, 1980. Amendment filed October 31, 1980; effective January 28, 1981. Amendment filed November 30, 1981; effective March 1, 1982.Amendment filed October 20, 1982; effective January 14, 1983. Amendment filed July 10, 1984; effective October14, 1984. Amendment filed May 7, 1991; effective August 28, 1991.*

1640-01-01-.04 REPORTS AND RECORD ACCESS.

(1) Postsecondary institutions enrolling student assistance award recipients shall ~~report~~ certify and ~~certify~~ report the following information to TSAC before payments of assistance are made:

(a) ~~Whether or not~~That the student is or was enrolled for the appropriate academic term for half-time, three-fourths, or full-time enrollment.

(b) ~~Whether or not~~That the student is in good standing and making satisfactory progress according to the standards and practices of the institution, under provisions of Title IV of the Higher Education Act of 1965, as amended.

(c) ~~Whether or not~~That the student does not owe~~s~~ a refund on any grant or is not in default on any loan received at any institution under provisions of Title IV of the Higher Education Act of 1965, as amended.

(d) The ~~S~~student's current Expected Family Contribution.

(e) ~~Whether or not~~That the student's total resources which when combined with payments by TSAC will not result in the student receiving funds in excess of his or her cost of education as determined by criteria employed by the institution in administration of other programs of student financial assistance authorized by Title IV of the Higher Education Act of 1965, as amended.

~~(f) That the student has on file with the institution, a statement that the money attributable to the grant or other Title IV programs will be used solely for expenses related to attendance or continued attendance at the institution.~~

(~~g~~f) That the student has on file with the institution a Statement of Registration Compliance for periods of instruction beginning on or after July 1, 1983 certifying that he or she is registered with Selective Service or that he or she is not required to be registered.

(Rule 1640-01-01-.04, continued)

(~~h~~g) That the student has on file with the institution a statement for the periods of instruction beginning on or after July 1, 1989 certifying that he or she is in compliance with the Anti-Drug Abuse Act.

(2) Postsecondary institutions enrolling student assistance award recipients shall furnish such reports as may be required by TSAC concerning the recipients and shall, during regular office hours, make institutional records available to TSAC concerning the recipients and shall, during regular office hours, make institutional records available to TSAC staff for the purpose of validating any information which affects the recipients' eligibility or the amount of assistance they would receive.

(3) The confidential relationship of the student shall not be violated. Student files shall be utilized only by the TSAC staff. Confidential information will not be released without written approval from the applicant~~ and/or parents~~. Statistical data may be released provided such reports do not identify individuals. Outside research projects may utilize reported statistical information, other requests will require approval by the TSAC ~~B~~board of ~~D~~directors; and should such requests require special computer programming, care shall be taken to protect the student's confidentiality and any expense generated by special requests shall be paid by the outside research project, provided~~,~~; however, student records shall be accessible to the Comptroller of the Treasury for audit purposes.

(4) Persons applying for awards of student assistance shall be required to furnish to TSAC or the postsecondary institution such data as is necessary to validate the information on their application. An applicant's social security number shall be furnished in all cases and is required for identity of the applicant and as an account number in order to record necessary data accurately.

(5) A student assistance award recipient who is discovered to have willingly provided false reports or information to TSAC or the postsecondary institution shall, upon evidence, have the award revoked and shall not thereafter be entitled to further payment of benefits.

Authority: *T.C.A. §§ 49-4-201, 49-4-204, and 49-4-301.* ***Administrative History:*** *Original rule filed January 23, 1976; effective April 15, 1976. Repealed and refiled July 6, 1976; effective August 5, 1976. Amendment filed January 9,1979; effective February 23, 1979. Amendment filed October 31, 1980; effective January 28, 1981. Amendment filed October 20, 1982; effective January 14, 1983. Amendment filed February 9, 1984; effective May 15, 1984.Amendment filed July 10, 1984; effective October 14, 1984. Amendment filed September 3, 1985; effective December 14, 1985. Amendment filed April 10, 1986; effective July 14, 1986. Amendment filed August 25, 1986; effective November 29, 1986. Amendment filed February 9, 1990; effective May 29, 1990. Amendment filed April28, 1993; effective July 28, 1993.*

1640-01-01-.05 STANDARDS FOR INSTITUTIONAL REVIEWS AND ERROR RESOLUTION.

(1) TSAC shall conduct periodic program reviews to evaluate the general operation of the financial aid office relative to the institution's management of the Tennessee Student Assistance Award Program:

(a) The Chief Executive Officer of the institution typically will be notified of the visit two to three weeks in advance; the exact date for the visit usually will be scheduled with the Director of Financial Aid. Extenuating circumstances such as a request from the U.S. Department of Education or the school's regulatory board may preclude TSAC from scheduling the review in advance.

(b) At the conclusion of the visit, the reviewer shall meet with the Chief Executive Officer, or his or her representative(s), and the Director of Financial Aid to discuss the

preliminary findings and recommendations resulting from the visit.

(c) Following the exit interview, a preliminary report shall be sent to the Chief Executive Officer of the institution requesting a response within thirty (30) days. One extension of up to thirty (30) days may be requested in writing by the institution.

(d) The final report of findings incorporating the institution's response shall be transmitted to the institution's Chief Executive Officer within thirty (30) days of receipt of the institution's response or within thirty (30) days of the date the response should have been received. The final report shall, when necessary, request restitution and/or corrective action.

(2) TSAC shall resolve disputes related to the final report of an institution's Program Review as noted below:

(a) The institution shall be allowed an additional thirty (30) day period to request a hearing and/or to provide additional documentation for review by ~~the~~ TSAC's Executive Director.

1. If the Executive Director's review of the additional documentation does not resolve the dispute, the institution may request a hearing within thirty (30) days of the Executive Director's decision.

2. If a hearing is requested, such hearing shall be requested in writing and sent to the Executive Director. The hearing shall be conducted in accordance with Chapter 1360-04-01, Uniform Rules of Procedure for Hearing Contested Cases Before State Administrative Agencies, Rules of Secretary of State, by the Tennessee Student Assistance Corporation Appeals Committee. Such Appeals Committee, composed of five (5) members of the Tennessee Student Assistance Corporation Board of Directors, appointed annually by the Chairman, shall within a reasonable period of time, set a date for the hearing. The Appeals Committee shall, in consultation with U.S. Department of Education officials, when necessary, render a decision within thirty (30) days of the hearing.

(b) Final resolution, which may include financial restitution and/or a plan for corrective action to prevent recurrence, must be made within thirty (30) days of the Appeals Committee's decision.

(c) Should the institution fail to respond within forty-five (45) days of the final report or to take corrective action or to make restitution within thirty (30) days after the decision from the Appeals Committee hearing, TSAC shall begin proceedings to suspend the institution from participation in TSAC programs for sixty (60) days. This suspension will be effective twenty (20) days from receipt by the school of TSAC's notification of suspension. Notification of suspension, along with copies of all findings and responses, will be sent to the U.S. Department of Education.

(d) Should the school fail to take corrective action or to make restitution within forty-five (45) days of the suspension, TSAC shall terminate the institution by informing the institution that within twenty (20) days from receipt of notification, the institution is terminated from all TSAC programs.

(e) If an institution is suspended or terminated during a term, all enrolled students attending that institution who received Tennessee Student Assistance Award Program award letters or on whose behalf TSAC endorsed an educational loan before the effective date of the suspension or termination will be paid:

(Rule 1640-01-01-.05, continued)

(1) For that term, as in the case of a grant, or

(2) For "the period of the loan," as in the case of an educational loan.

(f) Reinstatement of eligibility may be requested of the Tennessee Student Assistance Corporation Board after a period of one (1) year after date of termination, but only if the institution is eligible for other Title IV programs.

Authority: *T.C.A. §§ 49-4-201 and 49-4-204.* ***Administrative History:*** *Original rule filed July 10, 1984; effective October 14,1984. Amendment filed February 9, 1990; effective May 29, 1990. Amendment filed September 3, 1992; effective December 29, 1992.*