



SPRING QUARTERLY MEETING

Room 282, Roaden University Center

Tennessee Technological University

May 19, 2022

Tennessee Higher Education Commission



AGENDA
TENNESSEE HIGHER EDUCATION COMMISSION
Spring Quarterly Meeting
Room 282, Roaden University Center, Tennessee Tech University
May 19, 2022, 10:00 am – 12:00 pm CDT

Adoption of Agenda

Approval of Minutes, January 28, 2022, Meeting

Chairman's Report

Executive Director's Report

Consent Calendar

- I. Postsecondary Education Authorization (*Action Item*)
 - A. Institutional Reauthorization
 - B. Authorization of New Institutions
 - C. Approval of New Programs
 - D. Optional Expedited Authorization

- II. Quality Assurance Funding – TN Job Market Placement Definitional Change (*Action Item*)

Regular Calendar

- I. Tennessee Technological University Campus Master Plan (*Action Item*)

- II. 2020-2025 Outcomes-Based Funding Formula Recommendations (*Action Item*)

- III. 2022-23 Binding Tuition and Fees Ranges (*Action Item*)

- IV. New Academic Programs (*Action Item*)
 - A. East Tennessee State University – Applied Data Science, Master of Science
 - B. Middle Tennessee State University – Public Writing and Rhetoric, Bachelor of Science
 - C. University of Tennessee, Knoxville – Marketing, Master of Science

- V. Division of Postsecondary State Authorization – Emergency Rules (*Action Item*)

- VI. Navigate Reconnect Overview (*Information Item*)

TENNESSEE HIGHER EDUCATION COMMISSION

Minutes of the Fall Quarterly Meeting
Senate Hearing Room 1, Cordell Hull Bldg.
425 Rep. John Lewis Way N.
Nashville, TN 37243

January 28, 2022

[Link to recording](#)

Chairman Evan Cope called the meeting to order at 9:01 a.m.

Member	PRESENT	ABSENT
Chairman Evan Cope	X	
Commissioner Nancy Dishner	X	
Secretary Tre Hargett	X	
Commissioner Tara Scarlett	X	
Commissioner Pam Koban	X	
Treasurer David Lillard	X	
Commissioner Sara Morrison		X
Commissioner Jay Moser	X	
Commissioner Vernon Stafford	X	
Commissioner AC Wharton	X	
Comptroller Jason Mumpower	X	
Commissioner Dakasha Winton	X	
Commissioner Ethan Galloway	X	

At the start of the meeting there were eight (8) voting members physically present, Chairman Evan Cope, Secretary Tre Hargett, Commissioner Tara Scarlett, Treasurer David Lillard, Commissioner Jay Moser, Commissioner Dakasha Winton, and Commissioner Ethan Galloway, constituting a physical quorum. There were also four (4) voting members present via telephone, Commissioner Nancy Dishner, Commissioner Vernon Stafford, Commissioner AC Wharton, and Comptroller Jason Mumpower. A physical quorum was retained throughout the meeting.

APPROVAL OF NOVEMBER 18, 2021, MINUTES

Commissioner Scarlett made a motion to approve the minutes. Commissioner Moser seconded the motion. A roll call vote was taken, and the motion passed with ten (10) ayes. Secretary Hargett abstained and Commissioner Wharton did not vote.

ADOPTION OF AGENDA

Secretary Hargett made a motion to adopt the agenda. Commissioner Koban seconded the motion. A roll call vote was taken, and the motion passed with eleven (11) ayes. Commissioner Wharton did not vote.

CHAIRMAN'S REPORT:

Chairman Cope provided his report.

EXECUTIVE DIRECTOR REPORT:

Executive Director Dr. Emily House provided her report. Commission members asked questions and a discussion followed.

AGENDA ITEMS

Chairman Cope stated that there were two (2) items on the consent calendar and without questions or objections, that he would entertain a motion and second to approve the consent calendar as one (1) item. Commissioner Winton made a motion to approve the consent calendar as one (1) item. Commissioner Koban seconded the motion. A roll call vote was taken, and the motion passed with eleven (11) ayes. Commissioner Wharton did not vote.

I. New Academic Programs

Dr. Julie Roberts presented information on the process and procedures for new program approval. Commission members asked questions and a discussion followed. Dr. Roberts introduced Dr. Maria Cronley from Austin Peay State University, Dr. Mark Byrnes from Middle Tennessee State University, and Dr. Chandra Reddy from Tennessee State University for presentation on their new programs.

A. Austin Peay State University, National Security Studies, Bachelor of Science

Dr. Maria Cronley presented information on the proposed Bachelor of Science in National Security Studies at Austin Peay State University. This program will be available with both online and traditional delivery methods and will prepare students to be well versed in areas of homeland security, international security, terrorism, and violent extremism. Commission members asked questions and a discussion followed. Treasurer Lillard made a motion to approve the program. Commissioner Koban seconded the motion. A roll call vote was taken, the motion passed unanimously with twelve (12) ayes.

B. Middle Tennessee State University, Data Science, Master of Science

Dr. Mark Byrnes presented information on the proposed Master of Science in Data Science at Middle Tennessee State University (MTSU). This program will produce

graduates with the skills and knowledge required to apply data science techniques to theory to datasets and research problems. This program compliments the current Bachelor of Science and Graduate Certificate programs offered by MTSU in Data Science. Commission members asked questions and a discussion followed. Commissioner Koban made a motion to approve the program. Commissioner Galloway seconded the motion. A roll call vote was taken, the motion passed with twelve (12) ayes.

C. Tennessee State University, Agricultural Sciences, Doctor of Philosophy

Dr. Chandra Reddy presented information on the proposed Doctor of Philosophy in Agricultural Sciences at Tennessee State University. This program is designed to prepare students to meet job market needs across rural and urban communities. Program graduates will accomplish vital work in animal science, food science, plant science, environmental science, and agricultural science, and will increase the number of minority doctoral degree holders in Agricultural Sciences. Commission members asked questions and a discussion followed. Commissioner Moser made a motion to approve the program. Secretary Hargett seconded the motion. A roll call vote was taken, the motion passed unanimously with twelve (12) ayes. Treasurer Lillard stepped out during the presentation, but there were still seven (7) members physically present at all times during the presentation, so no Determination of Necessity was needed.

II. Academic Policies

A. Off-Campus Instruction – Community Colleges and Universities

Dr. Jeffery Norfleet presented information on the proposed revisions to Academic Policy A1.4A. to include Exclusions to the Off-Campus Instruction Policy, Criteria for Review of Off-Campus Centers, Major Changes to Off-Campus Centers, and No Unnecessary Duplication. Additionally, the policy review schedule was changed from a three (3) year to five-year (5) cycle to align with other academic policies. Secretary Hargett made a motion to approve the changes. Commissioner Scarlett seconded the motion. A roll call vote was taken, and the motion passed unanimously with twelve (12) ayes.

B. Off-Campus Instruction – Tennessee Colleges of Applied Technology

Dr. Jeffery Norfleet presented information on the proposed revisions to Academic Policy A1.4B. to align and/or clarify definitions with the Council of Occupational Education (COE). The COE is the accrediting agency for career and technical programs offered at TCATs. Additionally, the policy review schedule was changed from a three (3) year to a five-year (5) cycle to align with other academic policies. Commissioner

Winton made a motion to approve the changes. Commissioner Koban seconded the motion. A roll call vote was taken, the motion passed with eleven (11) ayes. Commissioner Scarlett was not present during vote on the motion; however, there were still seven (7) members physically present and so no Determination of Necessity was needed.

III. College Access and Success Division Overview (*Information Only*)

Mr. Troy Grant presented information on direct service programs Advise TN and GEAR UP TN. Additionally, Mr. Grant presented information on statewide services provided by the College Access and Success Division, CollegeforTN.org, Path to College Events, and the statewide transcript exchange. Commission members asked questions and a discussion followed.

IV. Governor's Investment in Vocational Education (GIVE)/ Supporting Postsecondary Access in Rural Counties (SPARC) Update (*Information Only*)

Dr. Brandon Hudson presented information on the GIVE program that has the primary goal to ensure Tennessee's education institutions are producing the credentials employers need, while also driving new industry to the state through data-driven, collaborative work.

Mr. Mitch Currey presented information on the SPARC program. The SPARC program is a targeted initiative to engage local constituencies and educational stakeholders in an effort to bridge, if not resolve, three (3) different obstacles: infrastructure need, geographic access to higher education, and unmet need for additional Career and Technical Education (CTE) dual enrollment opportunities. Commission members asked questions and a discussion followed.

Chairman Cope adjourned the meeting at 10:51 a.m.

NEXT THEC COMMISSION MEETING:

Thursday, May 19, 2022 in Nashville

THEC Chairman Evan Cope

THEC Secretary AC Wharton, Jr.



TENNESSEE HIGHER EDUCATION COMMISSION

CONSENT CALENDAR ITEM: I. A.

MEETING DATE: May 19, 2022

SUBJECT: Postsecondary Education Authorization
Institutional Reauthorization

ITEM TYPE: Action

ACTION RECOMMENDATION: Approval

BACKGROUND

The Commission, under the Tennessee Higher Education Authorization Act of 2016, has the “power and duty” to act upon applications for authorization to operate an educational institution in the state. For the institutions listed below, applications have been reviewed to determine whether all documentation was submitted in accordance with the Act and postsecondary rules. The Committee on Postsecondary Educational Institutions met on April 21, 2022 and endorsed staff recommendations for reauthorization as described below.

AUTHORIZED LOCATIONS WITH REGULAR AUTHORIZATION

(June 1, 2022 - May 31, 2023) (39)

1. Achieve Trade School (Nashville, TN - Code: 1904)
2. Armored Trucking Academy LLC (Clarksville, TN - Code: 1983)
3. Arnold's Beauty School (Milan, TN - Code: 1817)
4. At-Home Professions (Fort Collins, CO - Code: 1229)
5. Chattanooga Massage Institute (Hixson, TN - Code: 1248)
6. Codes Unlimited Healthcare Academy (Memphis, TN - Code: 1251)
7. College of Traditional Midwifery (Summertown, TN - Code: 1819)
8. Dark Horse Institute (Franklin, TN - Code: 1596)
9. Delta Technical College (Horn Lake, MS - Code: 1597)
10. Dental Assistant School of Nashville (Brentwood, TN - Code: 1726)
11. Dental Staff School (Chattanooga, TN - Code: 1748)
12. Dental Staff School (Knoxville, TN - Code: 1655)
13. Drive-Train (Memphis, TN - Code: 1656)
14. Empire Beauty School (Brentwood, TN - Code: 1827)
15. Empire Beauty School (Jackson, TN - Code: 1829)
16. Empire Beauty School (Memphis, TN - Code: 1826)
17. Genesis Career College (Cookeville, TN - Code: 1732)
18. Genesis Career College (Lebanon, TN - Code: 1722)
19. Genesis Career College: Nashville Airport Campus (Nashville, TN - Code: 1278)
20. Lab Four Professional Development Center (Memphis, TN - Code: 1405)
21. Master's Barber & Styling College Inc. (Old Hickory, TN - Code: 1823)
22. Mind Body Institute, LLC (Madison, TN - Code: 1424)
23. Nashville Academy of Reflexology, LLC (Nashville, TN - Code: 1680)
24. New College Franklin (Franklin, TN - Code: 1440)

25. Olympic Career Training Institute (Memphis, TN - Code: 1599)
26. Paul Mitchell the School Memphis (Memphis, TN - Code: 1864)
27. Phlebotomy Training Specialists (Nashville, TN - Code: 1950)
28. Recording Radio Film Connection & CASA Schools (Los Angeles, CA - Code: 1724)
29. Reflections of Health School of Massage INC (Johnson City, TN - Code: 1463)
30. Sandra Academy of Salon Services (New Tazewell, TN - Code: 1825)
31. Southeast Institute of Biblical Studies (Knoxville, TN - Code: 1271)
32. Southern Baptist Theological Seminary (Jackson, TN - Code: 1483)
33. Southern Baptist Theological Seminary (Louisville, KY - Code: 1482)
34. Southern Baptist Theological Seminary (Nashville, TN - Code: 1485)
35. The Allegiant Institute of Healthcare Solutions LLC (Memphis, TN - Code: 1905)
36. The CodeCrew Code School (Memphis, TN - Code: 1953)
37. Total Tech, LLC (Nashville, TN - Code: 1506)
38. United Truck Driving School (Murfreesboro, TN - Code: 1517)
39. Urban League of Greater Chattanooga (Chattanooga, TN - Code: 1534)

AUTHORIZED LOCATIONS WITH TEMPORARY AUTHORIZATION

(June 1, 2022 - May 31, 2023) (8)

1. 160 Driving Academy (Chattanooga, TN - Code: 2013)
2. 160 Driving Academy (Nashville, TN - Code: 2014)
3. DWS Drone School (Memphis, TN - Code: 2012)
4. New Horizons Computer Learning Center (Knoxville, TN - Code: 1441)
5. New Horizons Computer Learning Centers (Chattanooga, TN - Code: 1962)
6. New Horizons Computer Learning Centers (Johnson City, TN - Code: 1965)
7. Ryans Place Trucking School (Loretto, TN - Code: 2017)
8. Sweetwater Institute of Cosmetology (Sweetwater, TN - Code: 2018)

AUTHORIZED LOCATIONS WITH CONDITIONAL AUTHORIZATION

(June 1, 2022 - May 31, 2023) (1)

1. New York University (Nashville, TN - Code: 2016)
 The institution did not demonstrate that it has a stable physical presence. As a result of the conditional authorization status, the institution shall not enroll students, advertise, or conduct classes or programs. In order for the institution's authorization to return to temporary prior to submitting a reauthorization application in 2023, the institution must submit either proof that it is legally able to occupy the space for which authorization was granted or an Application for Change of Institutional Location listing a location as described in Rule 1540-01-02-.07(6)(b)2. While under conditional authorization, failure to act in accordance with the terms of authorization may result in further adverse action by the Executive Director. The institution was made aware of this recommendation and has no objection thereto.



TENNESSEE HIGHER EDUCATION COMMISSION

CONSENT CALENDAR ITEM: I. B.

MEETING DATE: May 19, 2022
SUBJECT: Postsecondary Education Authorization
Authorization of New Institutions
ITEM TYPE: Action
ACTION RECOMMENDATION: Approval

BACKGROUND

The Commission, under the Tennessee Higher Education Authorization Act of 2016, has the “power and duty” to act upon applications for authorization to operate an educational institution in the state. For the institutions listed below, applications have been reviewed, site visits have been performed, and staff has determined that all necessary documentation and bonds have been secured. The Committee on Postsecondary Educational Institutions met on April 21, 2022 and endorsed staff recommendations for Temporary Authorization of these institutions.

A. Conservatory of Annie Moses College Program **Franklin, TN**
1110 Harpeth Industrial Court, Franklin, Tennessee 37064

Corporate Structure: Not-for-Profit Corporation
Accreditation: None
Title IV Funding: No

Conservatory of Annie Moses College Program is seeking approval for one new program. The program will be offered in a residential format. Instruction will be provided by the faculty from their authorized location in Franklin, Tennessee.

1. Program: Music
Credential Awarded: Associate Degree
Length of Program: 76 Semester Credit Hours
24 Months

B. Gateway Achievement, LLC **Madisonville, TN**
422 Main Street E., Madisonville, Tennessee 37354

Corporate Structure: Limited Liability Company (LLC)
Accreditation: None
Title IV Funding: None

Gateway Achievement, LLC is seeking approval for one new program. The program will be offered in a residential format. Instruction will be provided by the faculty from their authorized location in Madisonville, Tennessee.

- 1. **Program:** CNA Training
- Credential Awarded:** Certificate of Completion
- Length of Program:** 75 Contact Hours
3 Weeks

License/Certification Required for Employment: Certified Nurse Aide
Licensing Board/Agency: Tennessee Department of Health/Division of Healthcare Facilities

C. Pacific West Academy **Pelham, TN**
 4626 TN-50, Pelham, Tennessee 37366

- Corporate Structure:** S-Corporation
- Accreditation:** None
- Title IV Funding:** No

Pacific West Academy is seeking approval for one new program. The program will be offered in a residential format. Instruction will be provided by the faculty from their authorized location in Pelham, Tennessee.

- 1. **Program:** Certified Executive Security
- Credential Awarded:** Certificate
- Length of Program:** 348 Contact Hours
2 Months

D. Persevere **Memphis, TN**
 4163 Willow Lake Blvd, Memphis, Tennessee 38118

- Corporate Structure:** Not-for-Profit Corporation
- Accreditation:** None
- Title IV Funding:** No

Persevere is seeking approval for one new program. The program will be offered in a blended format. Instruction will be provided by the faculty from their authorized location in Memphis, Tennessee, as well as on-line.

- 1. **Program:** Full Stack Developer
- Credential Awarded:** Certificate of Completion
- Length of Program:** 1560 Contact Hours
12 Months

E. Veni Care Phlebotomy Training LLC **Memphis, TN**
 3003 Airways Blvd, Building 7, Suite 702, Memphis, Tennessee 38131

- Corporate Structure:** Limited Liability Company (LLC)
- Accreditation:** None
- Title IV Funding:** No

- 1. **Program:** Veni Care Phlebotomy Training
- Credential Awarded:** Certificate of Completion
- Length of Program:** 96 Contact Hours
1.5 Months



TENNESSEE HIGHER EDUCATION COMMISSION

CONSENT CALENDAR ITEM: I. C.

MEETING DATE: May 19, 2022
SUBJECT: Postsecondary Education Authorization
Approval of New Programs
ITEM TYPE: Action
ACTION RECOMMENDATION: Approval

BACKGROUND

The Commission, under the Tennessee Higher Education Authorization Act of 2016, has the “power and duty” to act upon applications for authorization of educational programs in the state. Applications have been reviewed and staff has determined that all necessary documentation for new program applications is in accordance with the Act and postsecondary rules. The Committee on Postsecondary Educational Institutions met on April 21, 2022 and endorsed staff recommendations for approval.

A. Achieve Trade School

Nashville, TN

57 Willow Street, Nashville, Tennessee 37210

Corporate Structure: C-Corporation
Authorization Date: May 11, 2017
Accreditation: None
Title IV Funding: No
Highest Credential Offered: Certificate

Achieve Trade School is seeking approval of one program. The program will be offered in a residential format. Instruction will be provided by the faculty from its authorized location in Nashville, Tennessee.

1. **Program:** HVAC
Credential Awarded: Certificate of Completion
Length of Program: 864 Contact Hours
48 Months

B. Career Beauty College

Lawrenceburg, TN

113 South Military Avenue, Lawrenceburg, Tennessee 38464

Corporate Structure: Limited Liability Company (LLC)
Authorization Date: July 20, 2016
Accreditation: National Accrediting Commission of Career Arts & Sciences (NACCAS)
Title IV Funding: Yes
Highest Credential Offered: Diploma

Career Beauty College is seeking approval for one new program. The program will be offered in a residential format. Instruction will be provided by the faculty from their authorized location in Lawrenceburg, Tennessee.

- 1. **Program:** Aesthetics
- Credential Awarded:** Diploma
- Length of Program:** 750 Contact Hours
6 Months Full-Time
8 Months Part-Time

License/Certification Required for Employment: Esthetician
Licensing Board/Agency: Tennessee Board of Cosmetology and Barber Examiners

C. Drive-Train **Jackson, TN**
 119 E.L. Morgan Drive, Jackson, Tennessee 38305

- Corporate Structure:** Limited Liability Company (LLC)
- Authorization Date:** February 15, 1995
- Accreditation:** None
- Title IV Funding:** No
- Highest Credential Offered:** Certificate

Drive-Train is seeking approval for one new program. The program will be offered in a residential format. Instruction will be provided by the faculty from their authorized location in Jackson, Tennessee.

- 1. **Program:** CDL Permit Prep
- Credential Awarded:** Certificate
- Length of Program:** 50 Contact Hours
5 Days

D. Nashville Software School, Inc. **Nashville, TN**
 301 Plus Park Boulevard, #300, Nashville, Tennessee 37217

- Corporate Structure:** Not-for-Profit Corporation
- Authorization Date:** November 19, 2015
- Accreditation:** None
- Title IV Funding:** No
- Highest Credential Offered:** Certificate

Nashville Software School, Inc. is seeking approval for one new program. The program will be offered in a distance learning format. All instruction is provided on-line.

- 1. **Program:** Cloud Software Engineer with Java/AWS Specialization
- Credential Awarded:** Certificate
- Length of Program:** 1050 Contact Hours
9 Months

E. Professional Allied Health LLC **Memphis, TN**
 3768 Hickory Ridge Mall, Memphis, Tennessee 38115

- Corporate Structure:** Limited Liability Company (LLC)
- Authorization Date:** November 18, 2021
- Accreditation:** None
- Title IV Funding:** No
- Highest Credential Offered:** Certificate

Professional Allied Health LLC is seeking approval for one new program. The program will be offered in a blended format. Instruction will be provided by the faculty from their authorized location in Memphis, Tennessee, as well as on-line.

1. **Program:** Phlebotomy
Credential Awarded: Certificate of Completion
Length of Program: 70 Contact Hours
1.25 Months

F. Progressive Resources LLC

Memphis, TN

6000 Poplar Avenue, Suite 250, Memphis, Tennessee 38119

- Corporate Structure:** Limited Liability Company (LLC)
Authorization Date: July 22, 2021
Accreditation: None
Title IV Funding: No
Highest Credential Offered: Certificate

Progressive Resources LLC is seeking approval for nine new programs. The programs will be offered in a distance learning format. All instruction is provided on-line.

1. **Program:** Call Center Representative Professional Analyst
Credential Awarded: Certificate of Completion
Length of Program: 19 Contact Hours
4 Weeks
2. **Program:** Certified Medical Billing and Coding Professional
Credential Awarded: Certificate of Completion
Length of Program: 370 Contact Hours
6 Months
3. **Program:** Certified Medical Pharmacy Technician Professional
Credential Awarded: Certificate of Completion
Length of Program: 370 Contact Hours
6 Months
4. **Program:** IT Adobe Professional Analyst
Credential Awarded: Certificate of Completion
Length of Program: 220 Contact Hours
3 Months
5. **Program:** IT Cisco Network Professional Analyst
Credential Awarded: Certificate of Completion
Length of Program: 120 Contact Hours
3 Months
6. **Program:** IT Help Desk Professional Analyst
Credential Awarded: Certificate of Completion
Length of Program: 120 Contact Hours
3 Months

- 7. **Program:** IT Microsoft Office Professional Analyst
Credential Awarded: Certificate of Completion
Length of Program: 335 Contact Hours
6 Months
- 8. **Program:** Lean Six Sigma Black Belt Professional Analyst
Credential Awarded: Certificate of Completion
Length of Program: 75 Contact Hours
2 Months
- 9. **Program:** Lean Six Sigma Green Belt Professional Analyst
Credential Awarded: Certificate of Completion
Length of Program: 50 Contact Hours
2 Months

G. The CodeCrew Code School Memphis, TN

737 Union Avenue, Southwest TN Community College, Memphis, Tennessee 38103

- Corporate Structure:** Not-for-Profit Corporation
- Authorization Date:** May 17, 2019
- Accreditation:** None
- Title IV Funding:** No
- Highest Credential Offered:** Certificate

The CodeCrew Code School is seeking approval for one new program and to revise one program. The programs will be offered in a residential format. Instruction will be provided by the faculty from their authorized location in Memphis, Tennessee.

- 1. **Program:** Software Development for Employment
Credential Awarded: Certificate of Completion
Length of Program: 384 Contact Hours
3 Months
- 2. **Program:** Software Development for Certification (Revised)
Credential Awarded: Microsoft Technology Associate Certificate
Length of Program: 960 Contact Hours
6 Months Full-Time
9 Months Part-Time

H. Waterdogs SCUBA and Safety LLC Clarksville, TN

681 North Spring Street, Clarksville, Tennessee 37040

- Corporate Structure:** Limited Liability Company (LLC)
- Authorization Date:** July 27, 2017
- Accreditation:** None
- Title IV Funding:** No
- Highest Credential Offered:** Certificate

Waterdogs SCUBA and Safety LLC is seeking approval for four new programs. The programs will be offered in a residential format. Instruction will be provided by the faculty from their authorized location in Clarksville, Tennessee.

- 1. Program:** Dive Professional
Credential Awarded: Certificate
Length of Program: 176 Contact Hours
2 Months Full-Time
4 Months Part-Time
- 2. Program:** Divemaster
Credential Awarded: Certificate
Length of Program: 176 Contact Hours
2 Months Full-Time
4 Months Part-Time
- 3. Program:** FIT
Credential Awarded: Certificate
Length of Program: 176 Contact Hours
2 Months Full-Time
4 Months Part-Time
- 4. Program:** SCUBA Instructor
Credential Awarded: Certificate
Length of Program: 88 Contact Hours
1 Month Full-Time
2 Months Part-Time



TENNESSEE HIGHER EDUCATION COMMISSION

CONSENT CALENDAR ITEM: I. D.

MEETING DATE: May 19, 2022

SUBJECT: Postsecondary Education Authorization
Optional Expedited Authorization

ITEM TYPE: Action

ACTION RECOMMENDATION: Approval

BACKGROUND

The Commission, under the Tennessee Higher Education Authorization Act of 2016, has the “power and duty” to act upon applications for authorization to operate an educational institution in the state. For the institutions listed below, applications have been reviewed and staff has determined that all necessary documentation has been submitted. The Committee on Postsecondary Educational Institutions met on April 21, 2022 and endorsed staff recommendations for Optional Expedited Authorization of these institutions.

OPTIONAL EXPEDITED AUTHORIZED LOCATIONS (11)

- | | | |
|-----|--|------------------|
| 1. | American National University | Nashville, TN |
| 2. | Austin Presbyterian Theological Seminary | Antioch, TN |
| 3. | Crown College of the Bible | Powell, TN |
| 4. | Daymar College | Clarksville, TN |
| 5. | Daymar College | Murfreesboro, TN |
| 6. | Daymar College | Nashville, TN |
| 7. | DeVry University | Naperville, IL |
| 8. | DeVry University | Nashville, TN |
| 9. | Jersey College | Cleveland, TN |
| 10. | SEU at The Belonging Co. | Nashville, TN |
| 11. | The University of Arizona Global Campus | Chandler, AZ |



TENNESSEE HIGHER EDUCATION COMMISSION

CONSENT CALENDAR ITEM: II.

MEETING DATE: May 19, 2022

SUBJECT: Quality Assurance Funding (QAF)
TN Job Market Placement Definitional Change

ITEM TYPE: Action

ACTION RECOMMENDATION: Approval

BACKGROUND

Standards for the 2020-25 Quality Assurance Funding (QAF) program were developed through collaboration between THEC staff, campus leadership, and institutional governing boards through the QAF Advisory Committee and adopted by the Commission in May 2020. Included in the standards is the Tennessee Job Market Placement standard for community colleges which carries forward definitions and methodology developed in 2015 utilizing the P-20 Connect data system as means of calculating Tennessee job placement.

In October 2021, the Tennessee Board of Regents (TBR) requested a review of the TN Job Market Placement points earned as a result of Year 1 of the 2020-25 QAF cycle. While the approved QAF standards do not allow for the amendment of points, the standards approved in May 2020 do allow for a review of job placement definition and methodology given the uncertainty of the emerging healthcare crisis. Academic Affairs staff worked with the Policy, Planning, and Research Bureau to review the job placement methodology and gathered feedback from TBR as well as the QAF Advisory Committee. Both TBR and the QAF Advisory Committee support the proposed methodology shift and definitional change.

DEFINITIONAL CHANGE AND METHODOLOGY SHIFT

The current methodology for calculation of the TN Job Market Placement rate utilizes the P-20 Connect data system and focuses on non-University Parallel associate degree graduates. Placement is defined as working full-time at least one fiscal year quarter (three months) after graduation with no unemployment claims. The continuous employment methodology encompasses more of the mission of community colleges by expanding the scope to all community college graduates awarded a technical certificate or associates degree. In the revised definition, placement is defined as those graduates who are employed, full-time or part-time, at least three of the four quarters after graduation. The continuous employment approach focuses on the ability of graduates to obtain and maintain employment, rather than the need for graduates to file for unemployment.

SCORING BASED ON PROPOSED DEFINITION

A review of data using the continuously employed methodology indicates employment rates associated with years prior to and during the COVID 19 pandemic are more stable and insulated from dramatic shifts in graduates seeking government assistance. Scoring of the TN Job Market Placement standard will mirror the Student Access and Success standard which focuses on continuous improvement. The scoring table remains the same as was approved in May 2020, only the definition of success and rate calculation will be updated.



TENNESSEE HIGHER EDUCATION COMMISSION

REGULAR CALENDAR ITEM: I.

MEETING DATE: May 19, 2022

SUBJECT: Tennessee Technological University Master Plan

ITEM TYPE: Action

ACTION RECOMMENDATION: Approval

BACKGROUND

Campus Master Plans are an essential element of higher education public policy. Master Plans provide an opportunity for long-range planning that incorporates the institution's needs and ambitions, while also providing the public and state government a sense for how the institution might evolve over time. Whether the acquisition of strategic property, the need for and efficient use of facilities, or an analysis of how the campus footprint meshes with the surrounding community, Master Plans provide a method of anticipating and preparing for the future needs of the campus and the students it serves. THEC requires institutions to produce a Master Plan every ten years that addresses short-, mid-, and long-term needs of the campus with respect to building and land use, open space, vehicular circulation, and parking, and land acquisition opportunities. Pursuant to THEC Policy 4.1.30B, institutions may amend a Master Plan in consideration of changes that are consistent with the objectives of the original plan.

MASTER PLAN SUMMARY

The major initiatives of the 2014 Master Plan were to develop science facilities for chemistry, biology, physics and earth sciences, a new student recreation and fitness center, and a pedestrian oriented green campus. The completed Laboratory Science Commons established a new science quadrangle with campus green space, relocating a 750+ vehicle parking lot to the campus perimeter. The Marc L. Burnett Student Recreation & Fitness Center created a "front door" to the campus along the North Willow Avenue. Street improvements are underway to reduce the vehicular traffic through the core of the campus and enhance pedestrian pathways and greenspace. Current projects include the multi-disciplinary Ashraf Islam Engineering Building under construction, serving every engineering program, and the JJ Oakley Innovation Center and Residence Hall, now in design, which will provide collaborative entrepreneurial opportunities and housing for 400 students. These projects mark the completion of the primary goals of the 2014 Master Plan.

The new 2022 Master Plan continues the focus of the previous Master Plan to provide a technologically advanced education serving students primarily from the rural Upper Cumberland Region and the State. The vision presented addresses significant current space deficiencies and accommodates enrollment headcount milestones of 12,000 and 15,000 students. The top priorities for the 12,000 student plan continue to advance the engineering and science plans with two additional engineering buildings and two science buildings (biology and physics) as well as multiple additions to accommodate smaller space needs. Due to the advanced age of many other campus buildings, the Master Plan also recommends nine capital renovations to address the physical condition and programmatic needs of the larger existing academic buildings, including Johnson, Crawford, Brown, Prescott, Memorial Gym, Pennebaker, Clement, the Academic Wellness Center, and Bryan

Fine Arts. The plan also includes demolition of five buildings with an average age of 82 years and average physical building condition score of 52 out of a 100 point scale.

Following the completion of currently funded projects, the current space deficiency is reduced from 119,000 net square feet to 81,000 net square feet. The 2022 Master Plan initially addresses space deficiencies for current enrollment levels and improves the quality of spaces for classrooms and labs campus wide. In total, projects envisioned and completed for the 12,000-headcount student enrollment level will result in four new buildings, three building expansions, and nine building renovations.

RECOMMEDATION

The 2022 Master Plan Update is a comprehensive 10-year plan, with analysis of space needs, building development and placements, infrastructure, parking, and student housing. THEC staff recommends this Master Plan for approval.



LEGEND

- 1 JOHNSON HALL RENOVATION
- 2 NEW ENGINEERING BUILDING #1
- 3 ACADEMIC CLASSROOM BLDG/
CRAWFORD RENOVATION
- 4 BROWN HALL RENOVATION
- 5 PRESCOTT HALL RENOVATION
- 6 MEMORIAL GYM RENOVATION
- 7 NEW ENGINEERING BUILDING #2
- 8 BIOLOGY BUILDING
- 9 PENNEBAKER HALL RENOVATION
- 10 PHYSICS BUILDING
- 11 CLEMENT HALL RENOVATION
- 12 ACADEMIC WELLNESS CENTER
RENOVATION
- 13 BELL HALL EXPANSION
- 14 VOLPE LIBRARY RENOVATION
- 15 BRYAN FINE ARTS RENOVATION
- 16 BRYAN FINE ARTS ADDITION
- 17 OAKLEY HALL EXPANSION
- 18 JOHNSON HALL EXPANSION
- 19 FACILITIES SERVICES COMPLEX
- 20 FOOTBALL OPERATIONS BLDG
- 21 WEST STADIUM REPLACEMENT
- 22 BASEBALL/SOFTBALL COMPLEX
- 23 WINGS UP WAY GARAGE
- 24 PEACHTREE GARAGE
- 25 LIBRARY GARAGE
- 26 INNOVATION HOUSING - PHASE II
- 27 SORORITY ROW
- 28 ROADEN UNIVERSITY CENTER
RENOVATION / ADDITION
- 29 FOUNDATION HALL RENOVATION

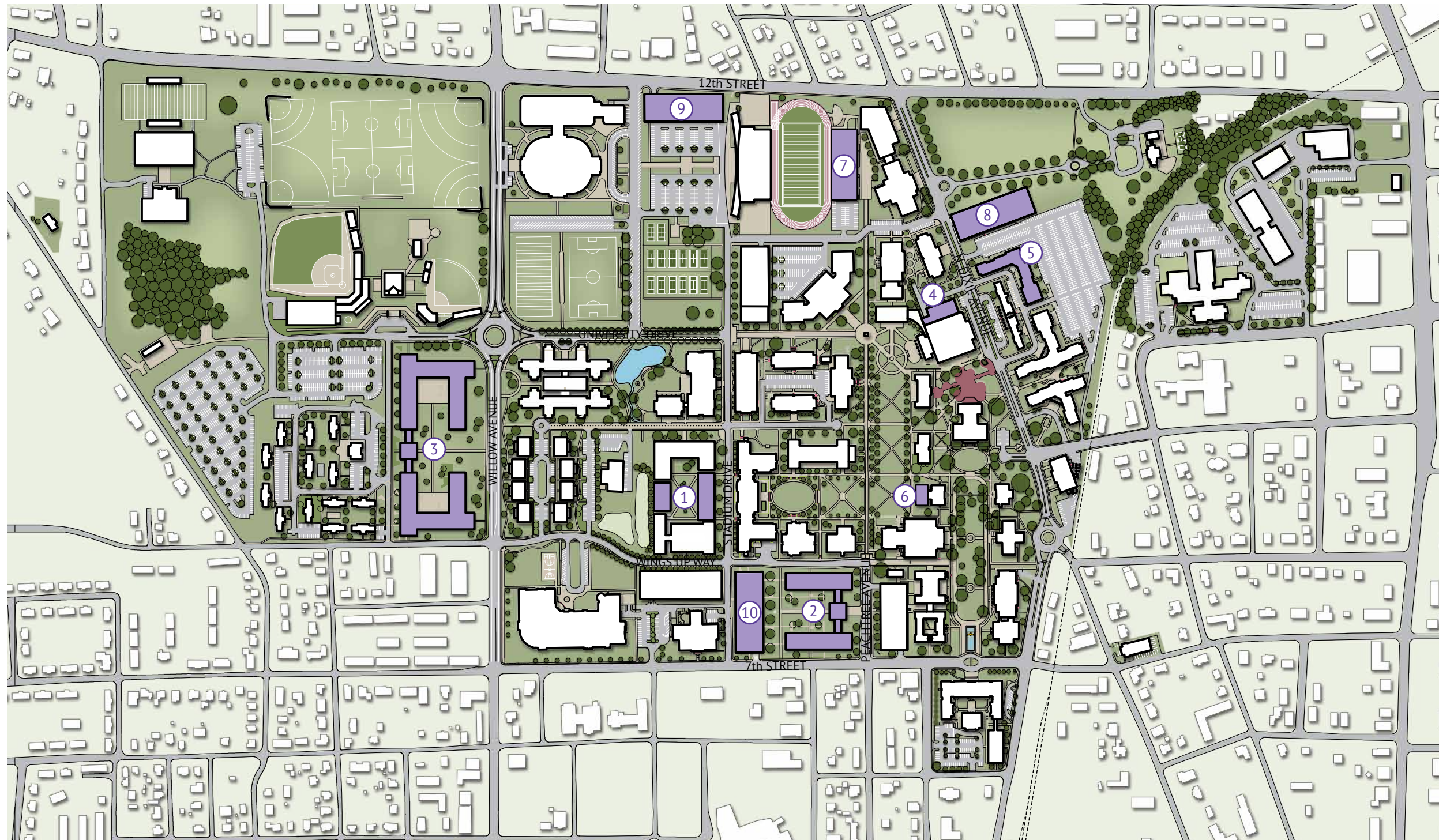
LEGEND

- NEW BUILDING
- RENOVATED BUILDING

Figure 3.28 12,000 Student Campus Master Plan

12,000 STUDENT CAMPUS MASTER PLAN





- LEGEND**
- 1 NEW ENGINEERING BUILDING #3
 - 2 NEW ACADEMIC BUILDING AT CAPITAL QUAD
 - 3 CAPITAL QUAD HOUSING REPLACEMENT
 - 4 ROADEN UNIVERSITY CENTER EXPANSION
 - 5 JOBE | MURPHY HOUSING REPLACEMENT
 - 6 BARTOO EXPANSION
 - 7 EAST STADIUM REPLACEMENT
 - 8 DIXIE GARAGE
 - 9 STADIUM GARAGE
 - 10 CAPITAL QUAD GARAGE

- LEGEND**
- NEW BUILDING
 - RENOVATED BUILDING

Figure 3.29 15,000 Student Campus Master Plan

15,000 STUDENT CAMPUS MASTER PLAN





TENNESSEE HIGHER EDUCATION COMMISSION

REGULAR CALENDAR ITEM: II.

MEETING DATE: May 19, 2022

SUBJECT: 2020-2025 Outcomes-Based Funding Formula Recommendations

ITEM TYPE: Action

ACTION RECOMMENDATION: Approval

BACKGROUND INFORMATION

Per §49-7-202(g), the Commission is statutorily required to establish and annually convene a review committee to aid in the development or revision of the Outcomes-Based Funding (OBF) formula. After consulting the Formula Review Committee (FRC), THEC staff then make formal recommendations to amend or revise the formula to the Commission, which votes on all recommendations.

In practice, although the FRC convenes annually, most substantive changes to the formula are only considered for implementation every five years, ensuring consistency in formula knowledge and understanding. For the most recent five-year review process, THEC staff convened the FRC in July and September 2021 (membership for both the FRC and working group found in Appendix A). In November 2021, THEC staff provided an overview of the current deliberations with the FRC to the Commission. Informed by these discussions with the FRC and Commission, THEC staff presented proposed changes to the Senate and House Finance, Ways and Means Committees and the Senate and House Education Committees during the 2022 legislative session for review and recommendation.

SUMMARY OF 2020-2025 OUTCOMES-BASED FUNDING FORMULA CHANGES

Below is a summary of the topics discussed during the five-year formula review, focusing on changes for immediate implementation in the 2023-2024 appropriation request cycle. A summary of changes discussed but not recommended for implementation as part of the 2020-2025 funding formula is also provided. Additional information on these changes can be found in the attached document, as well as the minutes from both the July and September 2021 FRC meetings which informed these changes in Appendix B and C, respectively. Feedback from these committee presentations were generally positive, with comments from legislators on the connection of high-need academic programs and workforce needs, the continued focus on student completion, and institutional behavior on fixed costs.

Recommended Changes to Outcome Metrics for the 2020-2025 Formula

Community College Model — Community colleges would continue to be measured by the same suite of outcomes included in the 2015-2020 OBF formula. THEC staff recommend one definitional change to the **workforce training/contact hours** metric to better align this metric with state workforce needs. This definitional change would **remove secondary activities** (i.e., the training provided by certified trainers who completed their certification at the reporting community college) from the contact hours report.

University Model — Outcomes measured in the 2020-2025 university model remain unchanged from those included in the final 2015-2020 model. In July 2021, two changes to the 2015-2020 OBF formula were approved

by the Commission for immediate implementation with the 2022-2023 appropriation request: a definitional change to only count associate degrees that are the highest award at student departure and a scaling change to align the associate degrees awarded in the university sector with those awarded in the community college sector.

Recommended Changes to Focus Populations for the 2020-2025 Formula

Categories in the Community College and University Models — As in the 2015-2020 model, premiums would continue to be applied to progression and undergraduate completion metrics for students who qualify as low-income (ever eligible for the Pell grant), adult (25 years or older), or—in the community college sector only—academically underprepared (scoring an 18 or below on the ACT or identified for learning support coursework). THEC staff recommend the implementation of a new **workforce investment premium** for student completing an undergraduate award in a high-need academic program—defined as STEM and health care majors. THEC staff are also recommending a data source refinement to **include out-of-state low-income students**. This action would align residency treatment in all focus population categories.

Premium Levels in the Community College and University Models — As in the 2015-2020 model, focus population premium levels would continue to be applied in an *elevated* and *graduated* manner to an institution's progression and undergraduate award metrics. The first focus population would garner an 80 percent premium, the second an additional 20 percent, and the third an additional 20 percent. The fourth (in the community college sector only) would garner another 20 percent.

Recommended Changes to Fixed Costs for the 2020-2025 Formula

THEC staff thoroughly analyzed and discussed with our institutional and governmental partners potential changes to the **fixed costs component** of the funding formula. Currently, institutions benefit in the formula calculation from increasing square footage and suffer from renovating or reducing space. While THEC initially advocated for the complete removal—over time—of the influence of fixed costs on the formula, several institutional and governmental partners expressed concern about the effect this immediate change would have on institutions.

Considering this feedback, THEC staff recommend **streamlining fixed costs**—focusing on square footage and equipment while eliminating utilities, rent and the premium for older space—and **reducing the overall influence** of fixed costs on the formula from 22 percent to 15 percent. A placement of 15 percent on fixed costs along with the 5.45 percent on Quality Assurance Funding would ensure that outcomes influence a greater share (80 percent) of the appropriation request.

Changes Not Recommended for the 2020-2025 Formula

Not all discussion during the several months-long formula review process resulted in recommended changes moving forward for further action. Of those items not moving forward, the discussion of changes to the **university graduation rate** received the most attention. In response to feedback received from institutional partners during the agenda setting-process, THEC staff investigated options for universities concerned about their ability to continue to grow the six-year graduation rate. In response, THEC staff proposed the movement to an on-time—or four-year—graduation rate. Several stakeholders expressed concern with movement to an **on-time graduation rate** at this time. Considering this, THEC staff are not recommending movement to an on-time graduation rate in the 2020-2025 formula.

Representatives of the Tennessee Board of Regents (TBR) expressed interest in adding a **community college graduation rate metric** in the new OBF formula. However, TBR requested that since not all community college expressed interest in adding this metric to the formula that institutions be permitted to “opt-in” to measuring the graduation rate. Since this à la carte outcome metric selection would represent a fundamental change to formula mechanics and add a layer of complexity potentially limiting the ability of institutions to fully understand the formula, THEC staff are not recommending adding a graduation rate metric to the community college sector in the 2020-2025 formula. However, THEC staff are interested in continuing the conversation to this success metric at the sector level in the future.

RECOMMENDED ACTION

Based on discussions with the Formula Review Committee, feedback received from legislative, institution, government and other stakeholders, THEC staff recommend the changes to the 2020-2025 outcomes-based funding formula summarized above be approved for immediate implementation for the 2023-2024 appropriation request cycle. Any approved changes will continue to be reviewed annually as outlined in statute.

Tennessee Higher Education Commission

2020-2025 Outcomes-Based Funding Formula Review Process

Introduction

In late 2019, as part of the second extensive five-year review of the Outcomes-Based Funding (OBF) formula, THEC began identifying any structural changes to the funding formula for implementation in 2020. THEC postponed this process in April 2020 to allow institution and government representatives to respond to the pandemic. The five-year review process restarted in March 2021, with monthly working group meetings through June, and meetings in July and September with the Formula Review Committee (FRC) members (see membership for both the FRC and working group in Appendix A). THEC staff updated the Commission in November 2021 on proposed changes, which were also presented for review and recommendation to the House and Senate Finance, Ways and Means committees, the Senate Education committee, and the House Education Administration committee during the 2022 legislative session.

This document provides an overview of the recommended changes to the 2020-2025 formula as discussed during the above-described process. Changes approved by the Commission will be implemented immediately to inform the 2023-2024 appropriation request cycle.

Recommended Changes for the 2020-2025 Formula

Outcome Metrics

The outcomes measured in both the community college and university sectors remain largely the same compared to the 2015-2020 model. THEC staff are recommending one definitional change to the workforce training/contact hours metric included in the community college sector to better align this metric with state workforce needs. THEC staff are recommending no changes to the university outcomes.

Workforce Training/Contact Hours

The workforce training outcome reports non-credit activities in which community colleges partner with local businesses, industry, and community stakeholders to provide training and upskilling for local community members. While these activities do not result in credits toward degree completion, they do increase occupational, technical, and/or soft skills in the workforce. As the only remaining fully self-reported outcome, THEC staff work with the Tennessee Board of Regents (TBR) and community college staff to annually review the activities and programs reported as part of this outcome for accuracy, consistency, and fidelity of the workforce training metric. During recent review, THEC staff identified two types of reported activities that necessitated further discussion during the 2020-2025 review process. The first resulted in a recommended change and the second did not.

Activities Provided by Community College-trained Certified Trainers — Several community colleges provide training to individuals that result in that individual receiving certified trainer status (e.g., an OSHA Authorized Trainer). These trainers then provide the training for which they received certification to others as a service. During this review process, THEC learned that some community colleges were reporting not only the hours of training they provided to individuals to become certified trainers, but also the secondary hours those trainers then provided to others. Considering historical

understanding and previous discussions of the intention of the workforce training metric, THEC staff questioned the inclusion of the training provided by these certified trainers in the workforce training outcome.

After extensive conversations with TBR and several community colleges' staff, THEC concluded that reporting of secondary activities do not align with the intention of the current workforce training metric due to the activities not being the primary focus of the college's community outreach. However, reporting of primary activities—including the community college-trained certified trainers identified above—remain appropriate. TBR representatives asserted they believe that both primary and secondary activities meet the current definition. THEC staff did not concur. Therefore, **THEC staff recommend the exclusion of secondary contact hours provided by authorized trainers from the workforce training metric.**

Third-Party Online Education Providers — Community colleges often partner with third-party online education providers to provide non-credit opportunities to local community members. As part of these partnerships, the third-party company provides the instructional staff and materials while the community college provides advertising, fee collection, and monitoring of student progress. Due to this responsibility split between the colleges and third-party providers, THEC staff questioned whether these contact hours continued to meet the intention of the metric: rewarding institution's success in providing non-crediting bearing, workforce learning opportunities for community members.

During discussions at the September 2021 FRC meeting, TBR provided extensive feedback addressing the concern about these third-party provided non-credit activities. TBR asserted that these partnerships represent a cost-effective way for colleges to offer extensive course options. By utilizing an economy of scale afforded through partnerships with third-party vendors, community colleges can meet the needs of local community members and businesses even if enrollment in an individual course is low. Based on this additional information, these activities are in alignment with the intention of the workforce training metric and, therefore, **THEC staff recommend that previously approved contact hours provided through partnerships with third-party online education providers continue to be reported in the workforce training metric.**

Focus Population Categories and Premium Levels

The 2015-2020 model applies *elevated* and *graduated* focus population premium levels to an institution's progression metrics and undergraduate awards. These premiums apply to adult, low-income or—in the community college sector only—academically underprepared students. A student qualifying for one focus population garners an 80 percent premium, a student qualifying for two populations garners a 100 percent premium, while a student qualifying for all three categories garners a 120 percent premium.

Focus Population Categories — Workforce Investment Premium (WIP)

To better meet the needs of Tennessee's current and future economic needs, higher education must be intentional in preparing its graduates for high-demand jobs. Based on these economic realities, institutions and government stakeholders have continuously expressed interest in further aligning OBF with workforce demands by recognizing high-cost degrees in the formula. Specifically, the Governor's office inquired about adding a metric that recognizes degrees leading to careers in high-need fields in the formula. In response, **THEC staff recommend an additional focus population category recognizing undergraduate awards in high-need workforce fields.**

In 2020, THEC staff identified a list of high-demand occupations using long-term occupation projection data from Jobs4TN.gov and Key Industry Clusters identified by the Tennessee Department of Economic and Community Development (ECD). The occupations captured within ECD’s Key Cluster analysis overlapped with just over two-thirds of the occupations identified in the top 10 and just under 45 percent of the top 22 occupations projected by Jobs4TN.gov. Using these two sources, THEC staff developed a crosswalk between the occupation codes and instructional programs to connect high-demand occupations with high-need academic programs. Below is a list of instructional programs by Classifications of Instructional Programs (CIP) proposed for initial inclusion in the workforce investment premium definition:

CIP Code	Program Title
01	Agriculture, Agriculture Operations, and Related Sciences
03	Natural Resources and Conservation
11	Computer and Information Sciences and Support Services
14	Engineering
15	Engineering Technologies/Technicians
26	Biological and Biomedical Sciences
27	Mathematics and Statistics
40	Physical Sciences
51	Health Professions and Related Clinical Sciences

Eligible awards would include short-term and long-term community college certificates, associate degrees, and bachelor’s degrees coded in alignment with the above. THEC staff also recommend including Tennessee Transfer Pathways (TTPs) degrees in an area of emphasis that corresponds to the CIPs above. While TTPs do not have CIP codes that align with the proposed high-need fields definition, they do prepare students to transfer into university programs that do.

Working in conjunction with the focus population categories included in the 2015-2020 outcomes formula, the implementation of a workforce investment premium would add an additional level to the graduated premium system applied to undergraduate awards, resulting in a maximum graduated premium of 120 percent for university students and 140 percent for community college students.

About 25 percent of associate degrees and 50 percent of certificates at community colleges would have qualified for the workforce investment premium in 2019-2020. An estimated 30 percent of bachelor’s degrees would have qualified in the university sector.

Fixed Costs

Fixed costs have long been a part of the higher education funding recommendation, pre-dating the use of the OBF formula. The fixed cost component recognizes an institution’s operational and maintenance costs, including footprint, equipment replacement, rent, and utilities. The fixed costs component applies a cost value for the physical footprint of the institution by measuring education and general purpose (E&G) square footage, placing a premium on buildings which have not undergone major renovation in twenty years or more, and may, therefore, require additional investment for maintenance. For each of these measures, industry standard rates and operating

inflation factors are built into the calculation to ensure that changes in costs are reflected in the formula.

In the 2015-2020 model, fixed costs are converted into points and—in combination with outcomes points and Quality Assurance Funding (QAF) points—determines the point total for each formula unit. Outcomes points are summed for all institutions and multiplied by the fixed cost constant of 21.8 percent, a value derived from the ratio of total fixed costs and monetized outcomes in the 2010-2015 model. Fixed costs points increase or decrease based on available outcomes points and are distributed to institutions based on their share of total fixed cost dollars. This annual calculation is sensitive to changes in square footage—including new buildings, demolitions, renovations, or off-line decisions.

Further, the current method of calculating fixed costs may incentivize conflicting behaviors with other THEC policies. The most recent Capital Review Process encouraged institutions to increase efficiency by reducing the amount of unneeded space on campus, investing in renovation of existing space and maximizing space utilization. Conversely, the current fixed cost component rewards institutions for increasing their E&G square footage and provides a premium for nonrenovated space. While not an outcome enumerated in the outcomes-based formula founding statute, fixed costs are a highly influential part of the model, accounting for nearly one-fifth of the points awarded each year—the second most influential formula component.

Focusing specifically on aligning operating funding and capital policies, THEC staff initially recommended the full removal of fixed costs from the 2020-2025 formula. However, after extensive conversation with FRC members and additional stakeholders, THEC staff recognized that institutional reliance on the fixed costs component would require a more nuanced approach. With that in mind, THEC staff presented an array of options to reduce but not eliminate the influence of fixed costs to both the FRC and the Commission. Based on the feedback received, **THEC staff recommend streamlining the fixed cost metric to focus only on square footage and equipment replacement while also reducing the fixed cost constant to 15 percent.** A placement of 15 percent on fixed costs along with the 5.45 percent on Quality Assurance Funding would ensure that outcomes influence a greater share (80 percent) of the appropriation request. This recommendation will reduce the influence of fixed costs on the overall formula while also allowing institutions to immediately receive funding for new buildings and not receive a reduction in funding after renovating older buildings.

Technical Considerations for the 2020-2025 Formula

Low-Income Focus Population Category

During the 2015-2020 five-year cycle, THEC staff learned that the low-income focus population category did not include out-of-state students due to a data limitation. THEC relies on the FAST system to determine Pell-eligibility status. This system is limited to federal aid applications completed by Tennessee residents, narrowing the low-income focus population category to in-state students. The OBF formula does not differentiate based on residency for any other metric.

THEC staff worked closely with institutional research offices to identify a high-fidelity method to collect out-of-state Pell-eligible student information. Based on information provided by THEC staff and considering current THEC policy and feedback from various FRC stakeholders, **THEC staff recommend expanding the data collection process to include out-of-state students in the low-**

income focus population category. This recommendation will align this focus population with all other metrics with regards to residency.

Focus Population Premium Levels

To better understand the effects of the focus population premium levels, THEC staff analyzed external research and performed internal analyses, looking specifically at changes in graduation rates for Pell-eligible and non-Pell eligible students. External research conducted by Kelchen (2017) suggests the focus population premiums over the course of both the 2010-2015 and 2015-2020 models have sufficiently disincentivized institutions from enrolling a more advantaged student body.

Along with this external research, THEC's internal analysis found that graduation rates for both Pell-eligible and never Pell-eligible students have increased at community colleges and universities over the last fifteen years, though the gaps between these two populations have not consistently narrowed over time. This suggests that the OBF formula has not overvalued the focus population premium levels. However, due to additional research limitations, THEC staff are unable to determine if premium levels have been undervalued. Due to these findings and limitations, **THEC staff recommend maintaining the current focus population premium levels** in the 2020-2025 funding formula.

Doctoral Degree Outcome Scaling

To maintain simplicity in the outcomes formula and ensure awards essential to the state maintain their appropriate value, THEC staff analyzed the appropriateness of applying the same scale to both doctoral and first-professional degrees, even though the time required to complete these different types of degrees differs. The current doctoral degree metric includes Doctor of Philosophy (PhD) degrees, Doctor in Veterinary Medicine (DVM) degrees, Juris Doctor (JD) law degrees, and general doctoral degrees.

THEC staff hypothesized that if institutions have been overinvesting in non-PhD doctoral programs to take advantage of the favorable scaling, analysis should show substantial growth in these highly structured, tuition-dependent, less time intensive non-PhD awards. Analysis showed that this was not the case, with the production of non-PhD degrees increasing 15 percent and PhD degrees increasing 60 percent over the last decade. Based on this analysis, **THEC staff recommend maintaining the current methodology for scaling doctoral awards in the formula.** This recommendation seeks to ensure funds continue to be allocated based on institutional growth in doctoral degree programs.

Changes Not Recommended for the 2020-2025 Formula

THEC staff facilitated discussion over several months detailing potential changes to the outcomes-based funding formula. Not all discussions resulted in recommended changes due to stakeholder feedback. The topics garnering the most attention are detailed below.

On-Time University Graduation Rate

During the agenda setting process for the five-year formula review process, THEC received feedback from several universities expressing concern about the ability to continue to grow the graduation rate metric. As a possible solution to this concern, several stakeholders suggested the development of a benchmark metric, which would judge an institution's success based on the academic characteristics of the students included in the graduation rate cohort. THEC staff analysis determined that a viable benchmark measure currently does not exist, and the development of a valid and reliable metric could

not be completed within the review cycle. Additionally, movement to a benchmark metric would constitute a fundamental change to how success is measured in the formula. Due to these factors, **THEC staff do not recommend movement to a benchmark measure.**

However, in recognition of the concern about limited growth opportunities within the current six-year graduation rate, THEC staff investigated movement to a four-year—or on-time—graduation rate. During FRC discussions, several institutional representatives expressed concern about the effects of moving to an on-time completion metric on institutions serving higher proportions of Pell-eligible and minority students. Several institutions asked that, due to the complexities of serving these student populations, THEC wait to implement this change to the graduation rate metric. Considering this feedback, **THEC staff are not recommending a change to the university graduation rate for the 2020-2025 formula.**

Community College Graduation Rate

During a meeting of the formula review working group, representatives from TBR indicated that some community colleges had expressed interest in adding a graduation rate metric to the 2020-2025 funding formula. These representatives indicated that not all colleges were in favor of adding this metric as an outcome and requested that individual institutions be allowed to opt into the addition of a graduation rate metric. THEC staff asserted that implementing an outcome on an à la carte basis does not align with the current formula framework and would represent a fundamental change to formula mechanics. Therefore, **THEC staff are not recommending adding a graduation rate metric to the community college sector in the 2020-2025 formula.** THEC staff are interested in continuing the conversation should TBR indicate an interest in adding graduation rate as an outcome at the sector level.

Model Volatility

Stakeholders involved in the formula review process requested a discussion of the historical model volatility. THEC staff led a discussion of the mechanics of the current formula that limit year-to-year volatility of funding, including the use of a three-year average, variation of outcomes metrics across systems, and the inclusion of fixed costs. Stakeholders discussed a change to the consistent use of a three-year average for outcomes, a fundamental change to the mechanics of the formula model. This suggested change would allow institutions to choose between a three-year average and a single year of outcome data to allow institutions to feel increases sooner while continuing to extend the time it takes to experience fully any declines. **THEC staff are not recommending movement away from consistent use of the three-year average in the 2020-2025 formula.**

THEC staff also presented information on volatility across sectors, focusing on the possible implementation of separate funding pools for community colleges and universities. THEC staff assert that establishing separate pools is not in alignment with the statutory requirement that appropriations distributed through the outcome formula freely flow to more productive institutions. Therefore, **THEC staff are not recommending implementation of separate funding pools by sector in the 2020-2025 formula.**

Appendix A
2020-2025 THEC Formula Review Committee

Name	Institution	Title
Randy Boyd	University of Tennessee	President
Butch Eley	Department of Finance and Administration	Commissioner
Glenda Baskin Glover	Tennessee State University	President
Catherine Haire	Legislative Budget Office	Senate Budget Analysis Director
Rep. Patsy Hazlewood	TN House of Representatives	Chair, House Finance, Ways and Means Committee
Jessica Himes	Legislative Budget Office	House Budget Analysis Director (beginning July 2021)
Emily House	TN Higher Education Commission	Executive Director
Sen. Brian Kelsey	TN Senate	Chair, Senate Education Committee
Michael Licari	Austin Peay State University	President
Sidney McPhee	Middle Tennessee State University	President
Peter Muller	Legislative Budget Office	House Budget Analysis Director (ending June 2021)
Jason Mumpower	Comptroller's Office	Comptroller
Brian Noland	East Tennessee State University	President
Phil Oldham	Tennessee Technological University	President
M. David Rudd	University of Memphis	President
Flora Tydings	Tennessee Board of Regents	Chancellor
Sen. Bo Watson	TN Senate	Chair, Senate Finance, Way and Means Committee
Rep. Mark White	TN House of Representatives	Chair, House Education Administration Committee

Appendix A (continued)
2020-2025 THEC Formula Working Group

Name	Institution	Title
Patrick Boggs	Legislative Education/Finance Chairs	Research Analyst for House Ed Administration Committee
Lori Bruce	Tennessee Technological University	Provost and Vice President for Academic Affairs
David Butler	Middle Tennessee State University	Vice Provost for Research and Dean of Graduate Studies
Chris Cimino	University of Tennessee, Knoxville	Sr. Vice Chancellor of Finance and Administration
Crystal L. Collins	THEC Staff	Sr. Director of Fiscal Policy
Lynne Crosby	Austin Peay State University	Sr. Vice Provost and Assoc. Vice President of Academic Affairs
Bruce Davis	Legislative Budget Office	Budget Analyst in the Office of Legislative Budget Analysis
Russ Deaton	Tennessee Board of Regents	Executive Vice Chancellor for Policy and Strategy
Steven Gentile	THEC Staff	Chief Policy Officer
Danny Gibbs	Tennessee Board of Regents	Vice Chancellor of Business and Finance
Jerry Hale	University of Tennessee at Chattanooga	Provost and Sr. Vice Chancellor for Academic Affairs
Tracy Hall	Southwest Tennessee Community College	President
Michael Hoff	East Tennessee State University	Assoc. Vice President of Planning and Decision Support
Raaj Kurapati	University of Memphis	Chief Financial Officer
Ron Loewen	University of Tennessee System	Asst. Vice President for Budget and Planning
Michael Maren	Legislative Education/Finance Chairs	Research Analyst for Senate Education Committee
Petra McPhearson	University of Tennessee at Martin	Sr. Vice Chancellor for Finance and Administration
Tony Niknejad	Governor's Office	Policy Director
Laurence Pendleton	Tennessee State University	General Counsel
Lauren Spires	Comptroller's Office	Higher Education Resource Officer (HERO)
Greg Turner	Department of Finance and Administration	Coordinator of Education Budget
Russell VanZomeren	THEC Staff	Director of Fiscal Policy

Appendix B

Tennessee Higher Education Commission 2021-2025 Formula Review Committee July 8, 2021 Meeting Minutes

On July 8, 2021, the 2021-2025 Formula Review Committee (FRC) convened for its first meeting to review the current outcomes-based funding formula. The meeting began with a determination of necessity to allow for a quorum to be constituted using members participating in the meeting remotely. A motion of determination was made by THEC Executive Director Emily House and was supported unanimously by committee members in attendance.

Dr. House then welcomed committee members and offered her appreciation for the work completed by the working group over the previous 5 months. Dr. House also recognized the feedback provided by committee members, specifically that the review process felt rushed. In response, THEC will extend the review process through next year for most recommended changes.

Chief Policy Officer Dr. Steven Gentile then provided an overview of the charge and responsibilities of the statutory working group, as well as reviewed a timeline for the formula review process. Changes recommended for immediate implementation will be presented to the Commission at the summer meeting later in July, while other recommended changes would be held for submission in November 2021 with implementation for the 2023-24 funding formula cycle.

A summary of the discussion is below.

Review of 2015-2021 Outcomes-Based Funding Formula

- Senior Director of Fiscal Policy Crystal Collins provided an overview of the mechanics of the 2015-2021 outcomes-based funding formula. This included discussions of the four major parts of the formula: outcomes, focus populations, weights/scales, and fixed costs.
- Ms. Collins also provided an overview of production increases at the universities and community colleges, focusing on undergraduate degree production over the last decade and a half, as well as a discussion of five-year changes in all outcome metrics.

Discussion of Proposed Immediate Revisions to the Formula

- Dr. Gentile introduced the next discussion topic, focusing on the need to ensure a fair and equitable opportunity for success for all institutions within the formula. Dr. Gentile identified an outcome where THEC staff believe the opportunity for success is not evenly applied within the university sector and that the value applied by the formula to this outcome differs across sectors.
- **Associate Degrees in the University Sector:** Discussion of the rescaling of associate degrees in the university sector, and the implementation of a definition change what university-conferred associate degrees are included in the formula.
 - Currently, only two universities are approved to provide associate degrees: Austin Peay State University and Tennessee State University. APSU is approved to award three associate degrees and TSU is approved to award one. Most universities awarded associate degrees at one point, until the 2005 THEC Plan of Action recommended that universities limit these degree offerings to those in allied health, nursing, or to military-affiliated students at APSU.
 - Dr. Gentile detailed a recent change at APSU to use the associate degree in liberal arts as a retention tool for students pursuing a bachelor's degree, resulting in a year-to-year increase of 175%, from 378 to 1,038. The ability to use this degree as a milestone award for students is not available to any other university.
 - Ms. Collins then provided an overview of THEC staff discussions, conversations that occurred over several meetings with working group members, and with each committee member in preparation for the July 8 meeting.
 - Ms. Collins identified a discrepancy between the scaling in the university and community college sectors for the associate degree. Due to mechanics of the current formula, associate degrees awarded in the university sector receive the same scale as bachelor's degrees (scale = 1) while those awarded in the community college sector receive a different scale (scale = 1.5), resulting in associate degrees at community colleges being worth two-thirds of what the same degree is worth in the university sector.
 - Ms. Collins then presented the recommended definitional change to which university-awarded associate degrees are counted in the outcomes-based funding formula. Differences between technical and non-technical associate degrees were discussed, including the terminal nature of the technical associate and the designation of liberal arts associate degrees as either terminal or transfer degrees.
 - Statistical information on the associate degree in liberal arts offered at APSU was presented, including the number of students who completed this degree and remained enrolled and those who completed the degree and left—or stopped out— from APSU.

- Based on the analysis completed by THEC staff and considering current THEC policy and feedback from various stakeholders—including members of the working group and members of the formula review committee, Ms. Collins presented the following **recommended changes for university associate degrees**:
 - *To address the scaling inequity for associate degrees in the university sector, THEC staff recommend implementing the same scale at universities as is implemented at the community colleges.*
 - *To address the inequity in opportunity to succeed in the associate degree metric in the university sector, THEC staff recommend implementing a definitional change that limits the inclusion of university-conferred associate degrees to those earned by students who do not re-enroll at the awarding institution at any time in the following academic year. This change will require that associate degree in the university sector be lagged an academic year.*
- President Licari from Austin Peay State University provided some additional context for the associate degree awarding activities and the mission at APSU, including stating that nearly 40% of incoming freshman indicate an associate degree as their degree of choice. Additionally, President Licari pointed to the need for associate degrees for underserved students (Pell-eligible, students of color, adult students, etc.) and the need for the associate in liberal arts for the military-affiliated students APSU serves.
 - Dr. Gentile thanked President Licari for his comments and perspective.
- President Oldham from Tennessee Tech University provided general agreement with the recommended changes. He then asked a question about how the implementation of a lagged metric, leading to the counting of the previously counted data, in the formula.
 - THEC staff discussed precedent for implementing a lag for a previously included metric.
- President Noland from East Tennessee State University asked if the increase in associate degrees in liberal arts at APSU was a recent phenomenon.
 - Dr. Gentile responded in the affirmative.
- Dr. Noland then asked if, under the current formula, a university with an associate degree program would be rewarded in the formula for both the associate and bachelor's degree should a student complete both.
 - Dr. Gentile responded in the affirmative.
- Finally, President Noland asked if the recommended definitional change would allow an institution to capture a student's success but would only prevent the institution from capturing that student's success twice.
 - Dr. Gentile responded in the affirmative.

- No further comments were provided by the formula review committee related to these two recommended changes.

Discussion of Proposed Five-Year Revisions to the Formula

- Dr. Gentile introduced the next series of proposed changes for implementation beginning in the 2023-2024 funding formula.
- **Workforce Investment Premium:** Discussion of the inclusion of a focus population recognizing undergraduate awards in high need fields.
 - Ms. Collins gave an overview of the process for determining how to recognize degrees in high need fields in the funding formula. Using a previously approved definition of high need fields included in the quality assurance funding program, THEC fiscal staff analyzed the overlap between these fields and the long-term job projections released by Jobs4TN and the ECD Indicators report.
 - Ms. Collins then discussed an issue with the classification of associate degrees at the community colleges discovered during the operationalization process. Nearly two-thirds of all associate degree programs at community colleges are identified as university parallel degrees. Due to how the proposed definition for the new focus population premium would be operationalized, these degrees could not qualify even if the student completed a degree in an area of emphasis (e.g., Engineering or Mathematics) that would trigger the premium otherwise.
 - To remedy this issue, THEC staff recommend counting Tennessee Transfer Pathway university parallel associate degrees completed in an area of emphasis that correlate to a qualifying high need field.
 - Under the proposed workforce investment premium definition, about one-quarter of all associate degrees, one-third of all bachelor's degrees and over half of community college certificates currently awarded would qualify for this new focus population.
 - Based on the analysis completed by THEC staff and considering current THEC policy and feedback from various stakeholders—including members of the working group and members of the formula review committee, Ms. Collins presented the following **recommended change to the focus populations:**
 - *Implement Workforce Investment Premium that recognizes completion of bachelor's and associate degrees at universities, and associate degrees and long- and short-term certificates at community colleges in majors*

aligned with high-need academic programs. THEC staff recommend treating this new focus population premium in the same mechanical manner as the current focus populations.

- President Glover from Tennessee State University began the discussion by asking if THEC staff had considered the inclusion of business or information systems majors for inclusion in the high-need fields definition.
 - Ms. Collins indicated that THEC had elected to promote simplicity for institutions by using an approved definition for high need fields.
 - Ms. Collins also stated it is THEC fiscal staff's intention to revisit the definition of high-need fields at the next five-year review and should business—or any other major—be indicated as high need, a discussion of those majors would occur.
- Vice President of Academic Affairs and Student Success Dr. Linda Martin, speaking as the designee for University of Tennessee President Randy Boyd, asked if there was consideration for areas outside of STEM or regional needs to identify high-need fields. Additionally, Dr. Martin asked if graduate degrees were considered for inclusion in this new premium.
 - Ms. Collins indicated that simplicity for the implementation of a new measure was the focus and that after a period allowing institutions to respond to the metric, changes to what majors qualify could be discussed.
 - Ms. Collins then discussed the THEC staff decision to focus on undergraduate degrees initially, with the hope that this focus population premium will increase partnerships, through the inclusion of Tennessee Transfer Pathways, between community colleges and universities. Additionally, current focus populations are only applied to undergraduate degrees and certificates.
- Dr. Gentile then asked if any other formula review committee members who thought that the workforce investment premium should include graduate degrees. No other committee members provided comments on this topic.
- Peter Muller, House Budget Analysis Director, asked for further clarification on if this new focus population would be grouped together with existing focus populations. Specifically, Mr. Muller is concerned that if these premiums are mixed, a degree meeting the workforce investment premium definition would be “worth less” if that student already qualified for an existing premium.

- Ms. Collins stated that the current THEC recommendation would be to group all focus population premiums together.
 - Ms. Collins then asked if the committee concurred with this recommendation or if they would prefer that demographic (e.g., low-income, adult, academically underprepared) and non-demographic (e.g., majoring in a high need field) based premiums be separated.
 - President Oldham stated that setting the premium at a flat level and not graduating the premium levels as students qualified for multiple focus populations was how the focus populations were treated in the 2010-2015 formula.
 - Ms. Collins indicated that this was true but that the question here was whether a non-demographic based premium should be on its own and not part of the stackable premiums.
 - Mr. Muller stated that he believed that the premium based on the type of degree awarded should be treated the same regardless of the demographics of the student, so that a degree in a high-need field would garner the same premium for an institution if that student was low-income or not.
 - President Licari expressed agreement with Mr. Muller's point.
 - Dr. Gentile asked for any further comment about the recommended inclusion of a workforce investment premium in the funding formula.
 - No further comments were provided by the formula review committee related to this recommended change.
- **Graduation Rate Metric:** Discussion of the possibility of moving from six-year to four-year graduation rate.
 - Dr. Gentile introduced the next topic for discussion, movement from a six-year graduation rate to a four-year graduation rate. Institutions have indicated to THEC staff growing concern that growth opportunities for the six-year rate are plateauing.
 - Institutions also suggested moving this rate metric to a benchmark, where success would be measured on an institution's ability to meet a set graduation rate based expected success informed by student demographics.
 - Dr. Gentile indicated this is not how outcomes are currently measured in the outcomes-based funding formula, which promotes productivity and increases in efficiencies.
 - However, THEC staff did investigate how to address concerns of possible stagnant growth in the six-year graduation rate within the current architecture of the model. This led to the proposed policy change to move from a six- to four-year graduation rate.

- Director of Fiscal Policy Russell VanZomereren started by briefly discussing the work completed by THEC fiscal policy staff concerning the creation of a benchmark graduation rate metric and then began the discussion on the possible formula effects of moving to an on-time graduation rate.
- Mr. VanZomereren presented current six-year graduation rates by institution for first-time, full-time freshmen, transitioned to a presentation of the four-year graduation rate, and then finally compared the two measures to identify opportunities for increased growth.
- Mr. VanZomereren then discussed the growth in these rates over time, illustrating that while the average six-year graduation rate has grown over the last decade, the average four-year rate has grown even more.
- Modeling of the current formula shows that had a four-year graduation rate been implemented in 2015, cumulative funding would have been higher for seven of the nine universities.
- Mr. VanZomereren concluded his presentation by presenting additional information on the policy framework for this recommended change including how this change would affect students, the state, and institutions.
- Based on the analysis completed by THEC staff and considering current THEC policy and feedback from various stakeholders—including members of the working group and members of the formula review committee, Mr. VanZomereren presented the following **proposed change to the graduation rate metric**:
 - *Transition the graduation rate metric from a measurement of 150% time to on-time graduation.*
- President Glover stated she had some concerns that this change would have a negative effect on poor and minority students asserting that these students delay graduation due to lack of resources and the need to work to support themselves. President Glover stated that institutions who serve more of these types of students would potentially be negatively affected by this outcome change.
- President Sidney McPhee from Middle Tennessee State University reiterated President Glover's concerns, especially concerning the needs of rural and working students. President McPhee also expressed concern that movement to a four-year graduation rate would force institutions to increase entrance standards, limiting attendance to those students who can complete on-time.

- THEC fiscal staff studied the rate at which full-time students drop to part-time status and found that on average about one-quarter of full-time students drop to part-time status at some point during their college attendance. This phenomenon would not account completely for the current on-time graduation rates.
- Dr. Martin asserted that there exist other metrics in the formula already to recognize low-income students and reward institutions for outcomes as soon as the outcome is produced.
- President Noland asked about the applicability across sectors asking if we would also reset the community college sector to on-time completion.
 - Dr. Gentile indicated that currently the funding formula does not measure graduation rates for the community colleges.
- President Licari asked if THEC staff had looked at graduation rates by institution by type of student. President McPhee supported this request.
 - Dr. Gentile indicated that THEC will investigate this specific data request and bring an analysis to the next formula review committee meeting.
- **Fixed Costs:** Introduction of the recommended removal of or change to the influence of fixed costs on the outcomes-based funding formula
 - Dr. Gentile introduced the concern with the inclusion of fixed costs in the funding formula, which currently encourages growth in space and maintaining more expensive non-renovated square footage. These incentives contradict current THEC capital policy as well as the core tenets of THEC's strategic financial plan, both of which focus on efficient use of space and promoting renovations.
 - Dr. Gentile briefly mentioned three possible solutions to this fixed cost concern: the removal of fixed costs completely from the formula; the reduction of the influence of fixed costs on the formula; or the streamlining of the fixed costs calculation to better align with other THEC policies.
 - Dr. Gentile indicated that this would be the main topic of conversation in the next convening of this committee.

General Discussion

- Dr. Gentile opened the floor to general discussion to allow for committee members to identify topics of concern that THEC staff had not identified.
- Dr. Martin suggested investigating predictive modeling for graduation rates based on the entering characteristics of students.

- Dr. House indicated THEC staff would discuss this further with Dr. Martin before the next meeting.
- No further comments were provided by the formula review committee members.
- **Low-Income Focus Population:** discussion of the addition of a secondary data source to allow for the inclusion of out-of-state students in the low-income focus population.
 - Dr. Gentile provided an overview of the current method for measuring the low-income focus population. Due to the data source, the low-income focus population only includes in-state Pell-eligible students. The exclusion of out-of-state students from this focus population was not a policy decision and THEC staff have been working with institutional data representatives to devise a high-fidelity method to collect out-of-state low-income student information.
 - Based on the analysis completed by THEC staff and considering current THEC policy and feedback from various stakeholders—including members of the working group and members of the formula review committee, Dr. Gentile presented the following **proposed change to the low-income focus population premium**.
 - *Expand data collection process to include out-of-state students in the low-income focus population premium to align this premium with all others.*
 - President Licari indicated full support for this proposed change.
 - No further comments were provided by the formula review committee members related to this proposed change.

Adjourn

- With no further discussion, Dr. Emily House adjourned the meeting, indicating that committee members would be contacted shortly with information on the next scheduled meeting.

Next Statutory Formula Review Committee Meeting

Wednesday, September 1 at 1:30 PM Central

Statutory Formula Review Committee - July Meeting Attendance

Name	Institution	Title	Attended	Designee
Emily House	Tennessee Higher Education Commission	Executive Director	Yes	
Randy Boyd	University of Tennessee	President	Designee	Dr. Linda Martin
Flora Tydings	Tennessee Board of Regents	Chancellor	Yes	
Michael Licari	Austin Peay State University	President	Yes	
Brian Noland	East Tennessee State University	President	Yes	
Sidney McPhee	Middle Tennessee State University	President	Yes	
Glenda Baskin Glover	Tennessee State University	President	Yes	
Phil Oldham	Tennessee Technological University	President	Yes	
David Rudd	University of Memphis	President	No	
Butch Eley	Department of Finance and Administration	Commissioner	Yes	
Jason Mumpower	Comptroller	Comptroller	Yes	Lauren Spires
Senator Brian Kelsey	Senate	Chair, Senate Education	Designee	Michael Maren
Senator Bo Watson	Senate	Chair, Senate Finance, Ways & Means	No	
Representative Mark White	House of Representatives	Chair, House Education Administration	No	
Representative Patsy Hazlewood	House of Representatives	Chair, House Finance, Ways & Means	No	
Peter Muller	Office of Legislative Budget Analysis	House Budget Analysis Director (through July)	Yes	
Catherine Haire	Office of Legislative Budget Analysis	Senate Budget Analysis Director	Yes	

Appendix C

Tennessee Higher Education Commission 2021-2025 Formula Review Committee September 1, 2021 Meeting Minutes

On September 1, 2021, the 2021-2025 Formula Review Committee (FRC) convened for its second meeting to review the current outcomes-based funding formula. The meeting began with roll call and a determination of necessity to allow for a quorum to be constituted using members participating in the meeting remotely. A motion of determination was made by Greg Turner and seconded by Dr. Brian Noland. The motion was supported unanimously by committee members in attendance.

Dr. Steven Gentile, Chief Policy Officer, gave an overview of the topics to be covered during the meeting as well as a recap of items that were settled during the last meeting. These items included changes to the scaling and counting of associate degrees in the university sector. Dr. Gentile noted that the FRC changes related to university associate degrees were presented to and approved by the Tennessee Higher Education Commission at the July 2021 meeting, and would be immediately implemented in the FY23 appropriation cycle. Other topics reviewed included the workforce investment premium, inclusion of out-of-state low-income students in the low-income premium, and potential changes to the graduation rate calculation. Dr. Gentile reminded the group that any changes on these or other items would be implemented in the FY24 appropriation cycle.

A summary of the discussion is below.

Discussion of Proposed Five-Year Revisions to the Formula

- **Graduation Rate Metric:** Continued discussion of the possibility of moving from a six-year to four-year graduation rate.
 - Dr. Gentile began by further addressing potential changes to the graduation rate metric. He acknowledged during the previous meeting a couple committee members had expressed concern about how the on-time completion metric would affect institutions with larger shares of Pell-eligible or minority students.
 - After noting that the THEC fiscal team would be responding to the questions raised in the previous meeting about graduation rate, Executive Director Dr. Emily House stated that THEC **does not intend to move forward with a recommendation to move to a four-year graduation rate within the formula at this time.**

- Further, Dr. House noted that this is just the beginning of this conversation around efficiencies in completion, and that THEC plans to ensure this is a key component of the THEC Master Plan and Strategic Financial Plan conversations.
- Director of Fiscal Policy Russell VanZomeren then presented extensive analysis completed in response to questions about graduation rates raised by institutional representatives on the committee.
- Mr. VanZomeren provided graduation rates for the most recent cohort available, acknowledging the unique student bodies served by each institution and how that can affect graduation rates.
- Mr. VanZomeren noted the concerns expressed by institutions serving greater proportions of Pell and Minority students and how those institutions would be able to succeed with a four-year rate within the formula. In the most recent cohort, one-fourth of Pell and one-half of non-Pell students graduated on time from universities.
- Graduation rate growth over the past six years by sector and Pell status was then presented. Mr. VanZomeren noted that the growth for both Pell and Non-Pell students has been higher for completion in four years compared to six years. This data indicates that had THEC used a four-year graduation rate in the most recent formula model, it would not have uniquely hurt Pell eligible students or the institutions who serve higher proportions of those students.
- Mr. VanZomeren then transitioned to discussing potential effects of transitioning to a four-year graduation rate on institutions serving high proportions of minority students. The analysis presented showed that growth in four-year graduation rates for minority students meets or exceeds growth in the six-year rate.
- Mr. VanZomeren commended the universities for their work in improving graduation rates at both the four and six-year levels before transitioning to highlight where growth areas may still exist as universities look to the future.
- The discussion concluded with Dr. House again reiterating that THEC would not recommend a change to the graduation rate metric in the formula at this time. Dr. Gentile noted that THEC will examine other policies and practices outside of the formula that can be leveraged to improve on-time completion.
- President Glover from Tennessee State University asked that the slides presented be made available to committee members.

- THEC committed to doing so and these slides can be found on the THEC website [here](#).
 - President Oldham from Tennessee Tech University suggested that one of the large drivers of four-year graduation is the number of credit hours students enter college with and asked if THEC had looked at those trends and, if so, could demographic considerations to be made related to a graduation rate change.
 - Dr. House said THEC has looked into this some and continues to have discussions around dual enrollment but can continue to look into this.
 - Dr. Gentile noted that making sure that a broader swath of students has access to dual enrollment is also key.
 - President Oldham added that dual enrollment often being remote adds a level of difficulty and encouraged THEC to make sure students have access to dual enrollment courses embedded in the local high schools.
 - Vice Chancellor of Business and Finance Danny Gibbs, speaking as the designee for Tennessee Board of Regents Chancellor Dr. Flora Tydings, noted that TBR would be open to the inclusion of a graduation rate within the community college sector.
 - THEC Senior Director of Fiscal Policy Crystal Collins said THEC would be open to adding this as a sector level outcome for the community colleges and welcomed further conversation on this matter.
- **Fixed Costs:** Discussion of the recommended removal of—or change to—the influence of fixed costs on the outcomes-based funding formula.
 - Dr. Gentile began with an overview of fixed costs within the formula, noting that fixed costs account for about 22 percent of funding within the formula. He then reviewed what items are currently included in the fixed costs calculation included in the funding formula.
 - Dr. Gentile noted that fixed costs are calculated annually, and are sensitive to new buildings, renovations, demolitions, and buildings being taken offline. Additionally, the fixed costs calculation is the most time intensive part of the formula for both THEC and institutional staff.
 - Fixed costs are not listed as an outcome in statute, but because fixed costs influence funding, institutions are incentivized to grow this portion of the formula similar to outcomes. Since the beginning of the formula, fixed costs account for the third greatest influence on funding, only trailing associate and bachelor's degrees. The inclusion of fixed costs in a growth model

disincentivizes reducing the campus footprint, counter to the overall capital outlay process.

- Dr. Gentile then presented three options for discussion:
 - streamline fixed costs to focus solely on the Education & General (E&G) space footprint and equipment inventory;
 - move the current fixed costs measure to a 3-year average; or
 - gradually reduce, but not remove, over several years the influence of fixed costs on the formula.
- President Oldham asked if there had been modeling done to show how these changes would move money.
 - Dr. Gentile said THEC fiscal staff had modeled the effects of two of the three options: focusing on the E&G footprint and reducing the overall influence of fixed costs on the formula. Dr. Gentile noted these models had been shared out to committee and working group members but that THEC would be happy to provide them again.
- President Oldham acknowledged that the changes seem reasonable, though without modeling it would be tough to know for sure.
- Dr. Gentile noted he understood this concern and cautioned that any modeling THEC shared out would only indicate how money would have moved in the past, not necessarily what would happen going forward. He also noted the volatility-limiting and reduction scenarios give more influence to outcomes in the formula.
- Chief Financial Officer David Miller, speaking as the designee for University of Tennessee President Randy Boyd, asked if the modeling could include analysis as to whether the removal of fixed costs would result in decreasing in appropriations overall.
 - Ms. Collins responded that the modeling THEC had completed operated on a “no new money” assumption, such that new money would not mute any cumulative effects. She acknowledged THEC could make a model looking at FY 21-22 and see what the removal of fixed costs would’ve done to the overall recommendation.
- Vice Chancellor Gibbs stated that the original wisdom of including fixed costs within the formula was to recognize the significant operating costs associated with bringing new buildings online. Mr. Gibbs expressed gratitude that THEC is no longer considering removing fixed costs altogether and said that several of TBR’s institutions believe it is important to keep fixed costs within the formula.

- Mr. Gibbs did agree that it may make sense to limit fixed costs to E&G, however, he did express concern that the plan to switch to the three-year average would dilute one of the primary benefits of fixed costs being in the formula—creating a revenue stream that can help cover the costs of bringing a new building online. Finally, Mr. Gibbs noted that any movement towards increasing the impact of outcomes on the formula would be detrimental to the community colleges over the next few years because of pandemic-related enrollment declines.
 - Dr. Gentile thanked Vice Chancellor Gibbs for his remarks.
- No further comments were provided by the formula review committee members related to this proposed change.
- **Workforce Training:** Discussion of the recommended change to remove third-party activities and those independently provided by trainers who received training at the reporting community college.
 - THEC Senior Director of Fiscal Policy Crystal Collins began the discussion by defining workforce training as non-credit contact hours activities in which community colleges partner with local businesses, and industry and community partners to provide training and upskilling for local community members.
 - Ms. Collins enumerated the many changes to the workforce training since the funding formula was established and stated that that this metric is the only remaining self-reported outcome in the formula. Due to the nature of the data, an extensive review of the metric definition occurs every year to ensure accuracy, consistency, and fidelity to the intention of the metric
 - During these reviews, THEC staff identified two types of activities reported that require further discussion to determine if they meet the original intention of the metric.
 - THEC staff expressed concerns with some activities offered through partnerships with third-party online education providers, like Ed2Go, where the activity reported does not utilize instructional materials or instructor from the reporting community college.
 - In most cases, the community college’s main roles involve advertising, fee collecting, and monitoring student progress. Ms. Collins notes that THEC staff believe that workforce training hours where the reporting institution is not involved in the developing of course material or in providing the instruction should no longer influence the distribution of the funding formula.

- Ms. Collins then presented concerns with institutions reporting instructional activities provided by individuals who received training from the institution reporting the contact hours. She provided an example related to OSHA certification, stating that under the current definition, institutions are reporting not only the training they provide to individual to become certified trainers, but also all the trainings those trainers then go out and provide in the greater community.
- THEC believes that the primary activity described above (the providing of training to create certified trainers) does align with the intention of the workforce training metric, however the secondary activity (the training provided by those certified trainers who received their instruction at the reporting institution) does not and should no longer influence funding distribution in the formula.
- Based on analysis completed by THEC staff and considering current THEC policy and feedback from various stakeholders—including members of the working group and members of the formula review committee, Ms. Collins presented the following **recommended changes to the workforce training metric**:
 - *Exclude activities provided by the third-party vendor Ed2Go and further, exclude activities independently provided by trainers who received their training from the reporting community college.*
- Vice Chancellor Gibbs thanked THEC for their work here and asked to share comments on the issues, starting with the removal of activities provided by third-party online education providers. Mr. Gibbs noted that Ed2Go represents a cost-effective way for colleges to offer extensive course options. However, the enrollment in any given course is low enough such that it would be cost prohibitive for the colleges to offer the courses on their own.
- Mr. Gibbs stated that removal of these course from the workforce training metric would indicate to their campuses that their efforts to provide these courses to students at a lower cost than they could offer themselves would indicate that their work was not being valued. He concluded by reading testimonials from institutions on the need for Ed2Go courses.
 - Ms. Collins thanked Vice Chancellor Gibbs and the institutions for their comments, before acknowledging that THEC understands this proposed change would push institutions to reevaluate which courses they offer through Ed2Go. Ms. Collins stated that THEC's intention with this recommended change is to focus how the state's finite funds

are distributed to institutions through the funding formula, but that it is not THEC's intention to bar institutions from continuing to partner with Ed2Go if they chose.

- Mr. Gibbs asked if someone will be looking further into workforce training over the next few years.
 - Ms. Collins said yes, that THEC intends to look into identifying a better way to reward institution and community partnerships in the funding formula with an eye towards the next five-year review.
- Mr. Gibbs asked that THEC consider delaying the removal of Ed2Go training until this deeper review of workforce development partnerships is completed.
- Additionally, Vice Chancellor Gibbs commented on the removal of activities provided by institutionally certified trainers, focusing on the OSHA activities reported by Volunteer State. He indicated that while Volunteer does have a unique model for providing OSHA trainings and capturing activities by those trainers, that TBR believes this model operates within the current rules of the workforce training metric. Mr. Gibbs further recognized that Volunteer State's success is skewing the metric for other community colleges.
- Mr. Gibbs provided several alternatives to THEC's recommendation, including scaling these hours differently, weighting them differently, or counting them as a separate workforce training metric.
 - Ms. Collins thanked Vice Chancellor Gibbs for his remarks and asked if there are any other comments from other committee members.
- No further comments were provided by the formula review committee members related to this proposed change.

General Discussion

- Dr. Gentile noted that THEC has no further recommendations for the day, before opening the floor to any final comments.
- No further comments were provided by the formula review committee members.

Adjourn

- Dr. Gentile indicated that THEC staff would take these discussions into consideration when developing the recommended changes to be presented to the Commission at the November 2021 meeting.
- With no further discussion, Dr. Emily House thanked committee members for attending and adjourned the meeting.

Statutory Formula Review Committee - September Meeting Attendance

Name	Institution	Title	Attended	Designee
Emily House	Tennessee Higher Education Commission	Executive Director	Yes	
Randy Boyd	University of Tennessee	President	Designee	David Miller
Flora Tydings	Tennessee Board of Regents	Chancellor	Designee	Danny Gibbs
Michael Licari	Austin Peay State University	President	Yes	
Brian Noland	East Tennessee State University	President	Yes	
Sidney McPhee	Middle Tennessee State University	President	No	
Glenda Baskin Glover	Tennessee State University	President	Yes	
Phil Oldham	Tennessee Technological University	President	No	
David Rudd	University of Memphis	President	No	
Butch Eley	Department of Finance and Administration	Commissioner	Designee	Greg Turner
Jason Mumpower	Comptroller	Comptroller	Designee	Lauren Spires
Senator Brian Kelsey	Senate	Chair, Senate Education	Designee	Michael Maren
Senator Bo Watson	Senate	Chair, Senate Finance, Ways & Means	Designee	John Kerr
Representative Mark White	House of Representatives	Chair, House Education Administration	No	
Representative Patsy Hazlewood	House of Representatives	Chair, House Finance, Ways & Means	No	
Jessica Himes	Office of Legislative Budget Analysis	House Budget Analysis Director (beginning in July)	No	
Catherine Haire	Office of Legislative Budget Analysis	Senate Budget Analysis Director	No	



TENNESSEE HIGHER EDUCATION COMMISSION

REGULAR CALENDAR ITEM: III.

MEETING DATE: May 19, 2022
SUBJECT: 2022-23 Tuition and Fee Ranges
ITEM TYPE: Action
ACTION RECOMMENDATION: Approval

BACKGROUND INFORMATION

Since 2010, the Complete College Tennessee Act has required the Commission to make student fee and state appropriation recommendations concurrently. The FOCUS Act expanded THEC's authority on student fee levels, requiring that the Commission issue binding tuition ranges each year. These ranges apply only to resident, undergraduate students on the tuition (maintenance fee) rate, as well as total maintenance and mandatory fees. Numerous factors impact the tuition recommendation, including affordability and financial aid, the income profile of students attending Tennessee public institutions, and institutional revenues and cost inflation.

TENNESSEE'S TUITION AND FEE PROFILE

Average full-time, annual tuition and mandatory fees for 2021-22 is \$9,9231 at public universities, \$4,638 at community colleges, and \$4,008 at the Tennessee Colleges of Applied Technology (TCATs). Tennessee's public higher education tuition and fee levels continue to be considered average compared to peers across member states of the Southern Regional Education Board. Over the last seven years, Tennessee institutions have implemented the lowest consecutive growths in tuition in over four decades, averaging 2.5 percent annually, while state appropriations have increased an average of 6.4 percent per year.

Tennessee's financial aid resources are among the highest in the U.S., according to the National Association of State Student Grant Aid Programs. Tennessee has the eighth largest financial aid program and the fifth largest program per capita. Funding for the lottery scholarship and Tennessee Student Assistance Award comprise most of the financial aid in Tennessee, with over \$402 million distributed through these two funding sources in 2020-21. Tennessee distributed an additional \$59 million to students through the TN Promise and TN Reconnect programs last year. Due in part to these funding levels, Tennessee's associate degree graduates have some of the lowest debt in the nation, according to data from the College Scorecard. Higher education in Tennessee continues to be affordable, allowing Tennesseans to access and complete college without high amounts of debt.

¹ Includes UT Southern, which was acquired by the UT system on July 1, 2021.

RECOMMENDATION

At the November 2021 Commission meeting, THEC staff recommended a zero to three percent guiding tuition and fee range for the 2021-22 fiscal year, based on a combined operating and salary budget increase request of \$90 million.

On April 21, 2022, both chambers of the 112th General Assembly passed the 2022-23 General Appropriations Act, including funding to formula units of \$137.3 million for operating and salary increases. Based on these funding levels, THEC staff recommend a tuition binding range of zero to zero percent at universities, community colleges and TCATs, and a combined total tuition and mandatory fees binding range of zero to zero percent at universities, community colleges, and TCATs.

Attachment I details the comparison of 2021-22 tuition and mandatory fee rates with the maximum allowed increase for each university and community college, and for the TCAT system under these binding ranges for 2022-23.

Attachment II details the unfunded balances of the four percent salary increase at each institution once operating increases and the state-funded portion of the salary increase made as part of the \$137.3 million appropriation improvement are considered.

Attachment I - Binding Tuition Ranges
2022-23 Maintenance and Mandatory Fee Increase Scenarios and Comparisons - 0.0% Limit

Institutions	2021-22			2022-23 Maximums			Combined % Increase
	Maintenance Fee	Mandatory Fee	Combined	Maintenance Fee	Mandatory Fee	Combined	
Austin Peay	\$ 7,146	\$ 1,615	\$ 8,761	\$ 7,146	\$ 1,615	\$ 8,761	0.0%
East Tennessee	\$ 7,722	\$ 1,952	\$ 9,674	\$ 7,722	\$ 1,952	\$ 9,674	0.0%
Middle Tennessee	\$ 7,704	\$ 1,888	\$ 9,592	\$ 7,704	\$ 1,888	\$ 9,592	0.0%
Tennessee State	\$ 7,128	\$ 1,207	\$ 8,335	\$ 7,128	\$ 1,207	\$ 8,335	0.0%
Tennessee Tech (Admitted Prior to Fall 2020)	\$ 8,196	\$ 1,282	\$ 9,478	\$ 8,196	\$ 1,282	\$ 9,478	0.0%
Tennessee Tech (Fall 2020 and Later) ¹	\$ 9,240	\$ 1,282	\$ 10,522	\$ 9,240	\$ 1,282	\$ 10,522	0.0%
University of Memphis (Undergrad Non-Guaranteed)	\$ 8,352	\$ 1,704	\$ 10,056	\$ 8,352	\$ 1,704	\$ 10,056	0.0%
University of Memphis (Undergrad Guaranteed) ²	\$ 8,352	\$ 1,704	\$ 10,056	\$ 8,352	\$ 1,704	\$ 10,056	0.0%
Chattanooga	\$ 4,326	\$ 326	\$ 4,652	\$ 4,326	\$ 326	\$ 4,652	0.0%
Cleveland	\$ 4,326	\$ 306	\$ 4,632	\$ 4,326	\$ 306	\$ 4,632	0.0%
Columbia	\$ 4,326	\$ 340	\$ 4,666	\$ 4,326	\$ 340	\$ 4,666	0.0%
Dyersburg	\$ 4,326	\$ 306	\$ 4,632	\$ 4,326	\$ 306	\$ 4,632	0.0%
Jackson	\$ 4,326	\$ 292	\$ 4,618	\$ 4,326	\$ 292	\$ 4,618	0.0%
Motlow	\$ 4,326	\$ 312	\$ 4,638	\$ 4,326	\$ 312	\$ 4,638	0.0%
Nashville	\$ 4,326	\$ 268	\$ 4,594	\$ 4,326	\$ 268	\$ 4,594	0.0%
Northeast	\$ 4,326	\$ 318	\$ 4,644	\$ 4,326	\$ 318	\$ 4,644	0.0%
Pellissippi	\$ 4,326	\$ 352	\$ 4,678	\$ 4,326	\$ 352	\$ 4,678	0.0%
Roane	\$ 4,326	\$ 310	\$ 4,636	\$ 4,326	\$ 310	\$ 4,636	0.0%
Southwest	\$ 4,326	\$ 326	\$ 4,652	\$ 4,326	\$ 326	\$ 4,652	0.0%
Volunteer	\$ 4,326	\$ 300	\$ 4,626	\$ 4,326	\$ 300	\$ 4,626	0.0%
Walters	\$ 4,326	\$ 295	\$ 4,621	\$ 4,326	\$ 295	\$ 4,621	0.0%
UT Chattanooga (UG - Soar in Four) ³	\$ 7,992	\$ 1,856	\$ 9,848	\$ 7,992	\$ 1,856	\$ 9,848	0.0%
UT Chattanooga (UG - Returning)	\$ 7,200	\$ 1,856	\$ 9,056	\$ 7,200	\$ 1,856	\$ 9,056	0.0%
UT Knoxville	\$ 11,332	\$ 1,912	\$ 13,244	\$ 11,332	\$ 1,912	\$ 13,244	0.0%
UT Martin	\$ 8,378	\$ 1,534	\$ 9,912	\$ 8,378	\$ 1,534	\$ 9,912	0.0%
UT Southern ⁴	\$ 9,000	\$ 1,200	\$ 10,200	\$ 9,000	\$ 1,200	\$ 10,200	0.0%
TN Colleges of Applied Tech	\$ 3,759	\$ 249	\$ 4,008	\$ 3,759	\$ 249	\$ 4,008	0.0%
University Avg ⁵	\$ 8,308	\$ 1,615	\$ 9,923	\$ 8,308	\$ 1,615	\$ 9,923	0.0%
Community College Avg	\$ 4,326	\$ 312	\$ 4,638	\$ 4,326	\$ 312	\$ 4,638	0.0%

1 - Full-time students admitted in Fall 2020 at Tennessee Technological University paid a flat rate for 15 credit hours per semester, regardless of the number of hours taken. Full-time students admitted prior to Fall 2020 and part-time students were charged a per credit hour rate for the first 12 credit hours and a discounted per credit hour rate for additional hours.□

2 - Beginning in 2019-20, the University of Memphis began to offer a "guaranteed tuition" option to undergraduate students. All incoming first-time, full-time freshmen are eligible to enroll in a guaranteed tuition plan, which guarantees the entering Fall tuition rate for eight consecutive regular semesters if the student takes at least 12 credit hours per semester.

3 - Beginning in 2019-20, first-time, full-time students enrolled at UT Chattanooga now pay a flat rate for 15 credit hours per semester, regardless of how many hours taken. Returning and part-time students are charged a flat rate for 12 credit hours per semester, regardless of how many hours are taken.

4 - UT Southern was acquired by the UT system on July 21, 2021. While UTS will not be included in the outcomes-based funding formula during the data standardization process, the university is included in the binding tuition and tuition and fee ranges.

5 - This average incorporates a weighted tuition for Tennessee Tech, University of Memphis and UT Chattanooga students to reflect differentiated tuition levels.

**Attachment II - Binding Tuition Ranges
2022-23 Legislative Action - 4.0% Salary Increase**

	Operating Increase	State-Funded Partial Salary Increase ¹	Full Salary Increase Cost	Remaining Available for Operating
Austin Peay	\$6,039,300	\$1,993,900	\$3,625,200	\$4,408,000
East Tennessee	5,767,000	3,273,500	5,952,000	3,088,500
Middle Tennessee	7,480,600	4,632,700	8,423,600	3,689,700
Tennessee State	1,796,300	2,066,700	3,757,600	105,400
Tennessee Tech	3,882,900	2,201,500	4,002,800	2,081,600
University of Memphis	10,471,400	5,684,700	10,336,000	5,820,100
<i>subtotal</i>	\$35,437,500	\$19,853,000	\$36,097,200	\$19,193,300
Chattanooga	\$1,592,800	\$1,196,600	\$1,768,000	\$1,021,400
Cleveland	1,064,200	447,300	665,200	846,300
Columbia	1,667,500	674,000	917,600	1,423,900
Dyersburg	794,200	396,200	581,600	608,800
Jackson	867,500	551,700	786,400	632,800
Motlow	2,053,900	786,300	1,142,800	1,697,400
Nashville	1,885,100	821,000	1,396,800	1,309,300
Northeast	1,166,400	839,100	1,097,200	908,300
Pellissippi	2,846,400	1,315,900	2,183,200	1,979,100
Roane	1,138,300	884,000	1,299,200	723,100
Southwest	1,456,700	1,066,800	1,837,600	685,900
Volunteer	2,556,800	1,064,800	1,546,400	2,075,200
Walters	2,703,300	942,100	1,257,200	2,388,200
<i>subtotal</i>	\$21,793,100	\$10,985,800	\$16,479,200	\$16,299,700
UT Chattanooga	\$4,631,900	\$2,674,700	\$4,863,200	\$2,443,400
UT Knoxville	20,187,400	10,081,900	18,331,200	11,938,100
UT Martin	2,834,100	1,398,700	2,543,200	1,689,600
<i>subtotal</i>	\$27,653,400	\$14,155,300	\$23,919,200	\$17,889,500
TN Colleges of Applied Tech	\$5,116,000	\$2,342,400	\$2,928,000	\$4,530,400
Total Academic Formula	\$90,000,000	\$47,336,500	\$79,423,600	\$29,763,100

1 - Salary increases for formula units are partially covered by state appropriations. The state provides 55% of necessary funding for salary increases at the universities, 67% at community colleges, and 80% at the TN Colleges of Applied Tech.

Note: This attachment does not include assumptions for the effects of other real, non-personnel inflationary cost-drivers on institutions.



TENNESSEE HIGHER EDUCATION COMMISSION

REGULAR CALENDAR ITEM: IV. A.

MEETING DATE: May 19, 2022

SUBJECT: New Academic Program
East Tennessee State University
Applied Data Science, Master of Science
CIP Code: 30.7001 (Data Science, General)

ITEM TYPE: Action

ACTION RECOMMENDATION: Approval

PROGRAM DESCRIPTION

East Tennessee State University (ETSU) proposes an Applied Data Science, Master of Science program which will promote data literacy across many of ETSU's disciplines, while providing students in the major with comprehensive, in-depth training in data science. The program was created in response to the growing importance of data science and the needed ability to navigate, analyze, and synthesize large data sets in technology, industry, health services, and administration sectors.

The proposed multidisciplinary program will rely on collaboration between ETSU's College of Arts and Sciences, College of Business and Technology, and Graduate School and is designed to meet the high-demand industry need for graduates to manage and manipulate massive, potentially complex datasets, analyze their content, and effectively communicate these analyses.

The program will include both in-person and online options and will be delivered in two tracks, a practicum track with a six-credit applied practicum where students engage in detailed industry projects, and a thesis track, pairing a three-credit internship with a six-credit thesis. Program graduates will have developed expertise in applying state-of-the-art mathematical, statistical, and computational science-based approaches to large scale and complicated industry datasets.

INSTITUTIONAL GOVERNING BOARD APPROVAL

The proposed Applied Data Science, MS program was approved by the East Tennessee State University Board of Trustees on February 19, 2021.

PROPOSED IMPLEMENTATION DATE

Fall 2022

CURRICULUM

The proposed Applied Data Science, MS program consists of 39 credit hours including data science core courses, a student selected focus area, and either an industry practicum, or internship and thesis. The program's core includes courses such as artificial intelligence, machine learning, and cloud computing. Courses are designed to teach students how to select and use statistical techniques to infer knowledge from

data; use a variety of software applications and programming languages to carry out analyses; and apply them to the most common domains of inquiry.

At the completion of the program, graduates will meet the following Program Learning Outcomes, which have been mapped to specific courses:

- Use state-of-the-art mathematical, statistical, and computational-science-based approaches to help collect, process, administer, and curate collections of data.
- Use appropriate methods from mathematics, statistics, and computational science to address questions about the content and relevance of these datasets.
- Generate or modify algorithms/techniques for implementing these methods, as required by the problem at hand.
- Give methodologically sound and effective presentations of these results and the techniques used to obtain them to various audiences, orally, visually, and in written formats.

Delivery of the proposed Applied Data Science, MS program requires the development of two new courses.

PROGRAM PRODUCTIVITY

Enrollment projections estimate that twelve students will enroll in the Applied Data Science, MS in its first year, with enrollment growing to 48 students by year five. The program expects that one quarter of enrolled students will be part-time, completing the program in four years, while the remaining full-time students are expected to complete the program in two years. Seven graduates are projected in year two with 19 graduates projected by year five. An 11 percent attrition rate is anticipated.

	2022-23	2023-24	2024-25	2025-26	2026-27
Enrollment	12	28	36	44	48
Graduates	-	7	11	15	19

EXTERNAL JUDGEMENT

An external review of the proposed program was conducted during a virtual site visit on February 8, 2022, by Dr. Gordon Erlebacher, Program Director of the Interdisciplinary Data Science Program and Professor and Chair of the Department of Scientific Computing at Florida State University. The site visit included meetings with campus administrators, faculty, prospective students, and industry partners.

Dr. Erlebacher highly recommended the approval of ETSU’s Applied Data Science, MS program, stating that “the proposed program is essential to Tennessee’s future prosperity and competitiveness,” and pointing out that “the program is novel, operating across two colleges ... the curriculum structure and the two internship courses [are] designed to ensure that students pair up with industry experts to gain hands-on knowledge from practitioners in the field.”

OPPORTUNITIES FOR PROGRAM GRADUATES

Data science is a fast-growing field that has been identified as a high-need industry area. At present, the demand for data scientists exceeds the supply and data science fields continue to grow. Glassdoor listed data science in the top three of the top fifty professions from 2018 to 2022. These data reflect projections about opportunities in the sector, including those by the U.S. Bureau of Labor Statistics which identified data science as one of ten occupations with the fastest projected employment growth between 2020 and 2030.

Graduates of the ETSU Applied Data Science, MS program will be positioned for employment in a variety of data science and data analyst positions in technology, industry, health-services, administration, and other arenas. Letters of support for the proposed program were provided by Ballad Health, Eastman Chemical Company, Oak Ridge National Laboratory, Chick-fil-a, Inc., and Consolidated Nuclear Security at Y-12 Consolidated Security Complex.

PROGRAM COSTS

The proposed one-time and recurring expenditures for the Applied Data Science, MS program are listed in Table 1. The largest expenditures include \$10,000 per year to support the cloud computing required for student progression in the program; a \$10,000 stipend for the program director; and the costs associated with graduate assistants (three in year 1 and progressing to six in years 2-5).

Table 1: Estimated Costs to Deliver the Proposed Program

One-Time Expenditures						
Category	Planning	Year 1	Year 2	Year 3	Year 4	Year 5
Accreditation						
Consultants	\$1,500			\$4,000		
Equipment						
Information Technology						
Library						
Marketing	\$200					
Facilities						
Travel						
Other						
Total One-Time Expenditures	\$1,700			\$4,000		
Recurring Expenditures						
Category	Planning	Year 1	Year 2	Year 3	Year 4	Year 5
Accreditation						
Consultants		\$200	\$200	\$200	\$200	\$200
Equipment						
Information Tech	\$5,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Library						
Marketing						
Facilities						
Travel	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Other: Program Director & Graduate Assistants		\$65,557	\$119,974	\$120,283	\$120,601	\$120,929
Total Recurring Expenditures	\$9,000	\$79,757	\$134,174	\$134,483	\$134,801	\$135,129
Grand Total (One-Time and Recurring)	\$10,700	\$79,757	\$134,174	\$138,483	\$134,801	\$135,129

ASSESSMENT AND POST-APPROVAL MONITORING

An annual performance review of the proposed program will be conducted for the first five years following program approval. The review will be based on benchmarks established in the approved proposal. At the end of this period, the campus, institutional governing board, and THEC staff will perform a summative evaluation. The benchmarks include, but are not limited to, enrollment and graduation, program cost, progress toward accreditation, and other metrics set by the institution and staff. If benchmarks are not met during the monitoring period, the Commission may recommend that the institutional governing board terminate the program. If additional time is needed and requested by the institutional governing board, the Commission may choose to extend the monitoring period.



TENNESSEE HIGHER EDUCATION COMMISSION

REGULAR CALENDAR ITEM: IV. B.

MEETING DATE: May 19, 2022

SUBJECT: New Academic Program
Middle Tennessee State University
Public Writing and Rhetoric, Bachelor of Science (BS)
CIP Code: 23.1301 (Writing, General)

ITEM TYPE: Action

ACTION RECOMMENDATION: Approval

PROGRAM DESCRIPTION

Middle Tennessee State University (MTSU) proposes a Public Writing and Rhetoric, Bachelor of Science (BS) program which will require 120 credit hours and will need minimal new resources. The proposed program is an interdisciplinary degree designed to strengthen written communication skills and was developed in response to feedback from industry partners indicating a desire for graduates to have more developed writing and rhetorical skills. Instructors and researchers in rhetoric and writing studies are specifically trained and prepared to teach students how to write effectively for complex public audiences, which often involves addressing multiple sets of stakeholders. Currently, few majors focused on preparing students with these types of writing skills are prevalent in the United States in spite of the importance of written communication skills to perspective employers.

The proposed program will be housed in the Department of English in the College of Liberal Arts and will be comprised of public writing and rhetoric courses and complemented by courses offered in several disciplines including English, communication studies, and journalism departments. There will be an emphasis on the development of strong writing skills and will focus on preparing students to write in a range of civic, digital, and professional contexts for public, professional, and academic audiences. Additionally, the proposed program is designed to be a viable second major for students in other fields that require strong communication skills.

INSTITUTIONAL GOVERNING BOARD APPROVAL

The proposed Public Writing and Rhetoric, BS program was approved by the Middle Tennessee State University Board of Trustees on April 5, 2022.

PROPOSED IMPLEMENTATION DATE

August 2022

ALIGNMENT WITH STATE MASTER PLAN AND INSTITUTIONAL MISSION/STRATEGIC PLAN

The proposed program aligns with several components of the Tennessee Higher Education Master Plan including equipping students with flexible, transferable written communication skills for a rapidly changing

global economy; addressing a need for writing skills and helping close the writing skills gap; supporting the Tennessee Transfer Pathways; and acknowledging that liberal arts degrees can be workforce degrees.

The proposed program aligns with MTSU’s institutional mission by preparing students to “communicate clearly and precisely and understand the proper role of free expression and civic engagement in our society” and fostering a student-centered environment conducive to lifelong learning, personal development, and success.

CURRICULUM

The proposed program will be delivered on campus and will consist of 120 credit hours which is comprised of 41 credit hours of general education; 12 credit hours of the Public Writing and Rhetoric Core; 24 credit hours of Public Writing and Rhetoric Electives; 25-28 credit hours of electives; and 15-18 credit hours toward a required minor. Six new Public Writing and Rhetoric courses will need to be developed for a total of 18 credit hours.

Student learning objectives for the proposed Public Writing and Rhetoric program will ensure students:

- analyze and produce effective and informed written documents in a range of public, technical, and professional genres;
- exercise rhetorical awareness, adapting written communication to various audiences, purposes, and technological platforms;
- design and present written information in ways that demonstrate competence across media and modes, including but not limited to matters of accessibility, universal design, visual and aural literacy, and facility with digital platforms; and
- collaborate effectively and ethically with others on complex public, professional, and academic projects that involve substantial written components.

PROGRAM PRODUCTIVITY

The proposed Public Writing and Rhetoric, BS program anticipates an initial enrollment of 15 students increasing to 55 students by year five. Attrition rates are calculated at 10 percent. The proposed program projects 12 graduates by year five.

	2022	2023	2024	2025	2026
Enrollment	15	25	35	45	55
Graduates	--	--	4	8	12

PROGRAM DUPLICATION

The proposed program will be the first standalone major of its kind in Tennessee. The University of Memphis offers a concentration in professional writing and Tennessee Technological University currently offers a concentration in professional and technical communication within their respective English majors.

EXTERNAL JUDGEMENT

An external review of the proposed program was conducted during a virtual institutional site visit on June 28, 2021. Dr. Lisa Melonçon, Director of the Undergraduate Program in Professional Writing, Rhetoric, and Technology; and Director of the Rhetoric and Composition Graduate Program at the University of South

Florida served as the external reviewer for the proposed program. The site visit included meetings with campus administrators, faculty, prospective students, and community partners.

Dr. Melonçon recommended approval of the Public Writing and Rhetoric, BS program and stated “Report after report indicates that writing, communication, critical thinking, and collaboration are key components that employers find valuable. The proposed degree program foregrounds those skills rather than these being tangential to other skills and knowledges.”

STUDENT DEMAND

Middle Tennessee State University conducted a survey of current students enrolled in upper division writing courses and those with declared English minors. Over two-thirds (n=53) of respondents strongly agreed or agreed when asked if they would be interested in a bachelor’s degree focused on writing which included courses in public, digital, creative, and professional writing. Additionally, approximately, 50 percent indicated a willingness to change their major to the proposed Public Writing and Rhetoric program.

OPPORTUNITIES FOR PROGRAM GRADUATES

Graduates from the proposed program will be qualified for employment in various industries that require writing-intensive skills for content strategy, document design, multimedia storytelling, and technical documentation. MTSU conducted a labor analysis in Tennessee over a 30-day period in 2020 and found over 2,600 writing-centered positions in the greater Middle Tennessee. Data from the Bureau of Labor Statistics’ Occupational Outlook Handbook show the technical writing field is growing at 7 percent a year which is greater than the average increase for other positions. Further, US News and World Report listed technical writing as the second-best job for creative and media careers.

Letters of support for the proposed program were included from a variety of business and industry leaders including the Office of the Federal Public Defender Middle District of Tennessee; Books Forward; Life is Brewing; Kirkland’s; Nelson’s Green Brier Distillery; MP&F Strategic Communications; Tennessee Library for Accessible Books and Media; Mina and Vine; Digital at Discovery; Susan Severn Consulting; Adams and Reese, LLP; and Trend Sales.

INSTITUTIONAL CAPACITY TO DELIVER THE PROGRAM

The MTSU Department of English currently has capacity to support and deliver the proposed program with 42 tenured and tenure-track faculty, including five who specialize in rhetoric and writing studies. No new faculty are required for the proposed program. Due to the interdisciplinary nature of the degree, the curriculum will have supplementary support from courses and faculty in areas such as communication studies, journalism, media arts, and business. Existing resources and facilities at MTSU are currently sufficient for the addition of the proposed program.

ASSESSMENT AND POST-APPROVAL MONITORING

An annual performance review of the proposed program will be conducted for the first five years following program approval. The review will be based on benchmarks established in the approved proposal. At the end of this period, the campus, institutional governing board, and THEC staff will perform a summative evaluation. The benchmarks include, but are not limited to, enrollment and graduation, program cost, progress toward accreditation, and other metrics set by the institution and staff. If benchmarks are not met during the monitoring period, the Commission may recommend that the institutional governing board terminate the

program. If additional time is needed and requested by the institutional governing board, the Commission may choose to extend the monitoring period.

FINANCIAL PROJECTIONS

**Tennessee Higher Education Commission
Appendix A: THEC Financial Projections Form
Middle Tennessee State University
B.S. in Public Writing and Rhetoric**

*Seven-year projections are required for doctoral programs.
Five-year projections are required for baccalaureate and Master's degree programs
Three-year projections are required for associate degrees and undergraduate certificates.
Projections should include cost of living increases per year.
Planning year projections are not required but should be included when appropriate.*

	Planning Year	Year 1	Year 2	Year 3	Year 4	Year 5
I. Expenditures						
A. One-time Expenditures						
New/Renovated Space ¹	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Library	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Consultants	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total One-time	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ -
B. Recurring Expenditures						
Personnel						
Administration						
Salary	\$ -	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800
Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total Administration	\$ -	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800	\$ 4,800
Faculty						
Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total Faculty	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Support Staff						
Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total Support Staff	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Graduate Assistants						
Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tuition and Fees* (See Below)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total Graduate Assistants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating						
Travel	\$ -	\$ 2,500	\$ 2,575	\$ 2,652	\$ 2,732	\$ 2,814
Printing	\$ -	\$ 500	\$ 515	\$ 530	\$ 546	\$ 563
Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ 8,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628
Sub-Total Operating	\$ -	\$ 11,000	\$ 8,240	\$ 8,487	\$ 8,742	\$ 9,004
Total Recurring	\$ -	\$ 15,800	\$ 13,040	\$ 13,287	\$ 13,542	\$ 13,804
TOTAL EXPENDITURES (A + B)	\$ 1,500	\$ 15,800	\$ 13,040	\$ 13,287	\$ 13,542	\$ 13,804

***If tuition and fees for Graduate Assistants are included, please provide the following information.**

Base Tuition and Fees Rate \$ - \$ - \$ - \$ - \$ - \$ -

	Planning Year	Year 1	Year 2	Year 3	Year 4	Year 5
II. Revenue						
Tuition and Fees ²	\$ -	\$ 116,380	\$ 207,080	\$ 297,780	\$ 388,480	\$ 479,180
Institutional Reallocations ³	\$ 1,500	\$ (100,580)	\$ (194,040)	\$ (284,493)	\$ (374,938)	\$ (465,376)
Federal Grants ⁴	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Private Grants or Gifts ⁵	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other ⁶	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BALANCED BUDGET LINE	\$ 1,500	\$ 15,800	\$ 13,040	\$ 13,287	\$ 13,542	\$ 13,804

Notes:

(1) Provide the funding source(s) for the new or renovated space.

N/A

(2) In what year is tuition and fee revenue expected to be generated? Tuition and fees include maintenance fees, out-of-state tuition, and any applicable earmarked fees for the program. Explain any differential fees.

Tuition revenue will be generated beginning in Year 1 and is calculated conservatively without increases in future years.

Year 1: (10 full-time students @ \$9,070 = \$90,700) + (5 part-time students @ \$2,568 = \$25,680) = \$116,380.

Year 2: (20 full-time students @ \$9,070 = \$181,400) + (5 part-time students @ \$2,568 = \$25,680) = \$207,080.

Year 3: (30 full-time students @ \$9,070 = \$272,100) + (5 part-time students @ \$2,568 = \$25,680) = \$297,780.

Year 4: (40 full-time students @ \$9,070 = \$362,800) + (5 part-time students @ \$2,568 = \$25,680) = \$388,480.

Year 5: (50 full-time students @ \$9,070 = \$453,500) + (5 part-time students @ \$2,568 = \$25,680) = \$479,180.

(3) Identify the source(s) of the institutional reallocations, and grant matching requirements if applicable.

N/A

(4) Provide the source(s) of the Federal Grant including the granting department and CFDA(Catalog of Federal Domestic Assistance) nu

N/A

(5) Provide the name of the organization(s) or individual(s) providing grant(s) or gift(s).

N/A

(6) Provide information regarding other sources of the funding.

N/A



TENNESSEE HIGHER EDUCATION COMMISSION

REGULAR CALENDAR ITEM: IV. C.

MEETING DATE: May 19, 2022

SUBJECT: New Academic Program
University of Tennessee, Knoxville
Master of Science in Marketing, MS-MARK
CIP Code: 52.1401(Marketing/Marketing Management, General)

ITEM TYPE: Action

ACTION RECOMMENDATION: Approval

PROGRAM DESCRIPTION

The University of Tennessee, Knoxville (UTK) proposes a Master of Science in Marketing (MS-MARK) which is a year-long, 32-credit hour program designed to meet a rapidly increasing industry need for graduates with advanced training in marketing. The program will be housed in the Haslam College of Business and will complement existing graduate programs in accounting, management and human resources, business administration, business analytics, and supply chain management.

The program's learning outcomes center around training students to understand customers and markets, create and implement effective marketing strategies, and to leverage technological tools for market success. Students in the program will have access to a wide network of involved industry partners and will provide frequent, meaningful experiential learning opportunities. The program will initially be offered in-person but another parallel online program will be developed utilizing simulcasted courses in year three after the residential portion of the program is fully established.

INSTITUTIONAL GOVERNING BOARD APPROVAL

The proposed Master of Science in Marketing program was approved by the University of Tennessee Board of Trustees on February 25, 2022.

PROPOSED IMPLEMENTATION DATE

July 2022

ALIGNMENT WITH STATE MASTER PLAN AND INSTITUTIONAL MISSION/STRATEGIC PLAN

The proposed Master of Science in Marketing program aligns with the State's Master Plan by supporting greater degree attainment, improving the state's workforce, providing an affordable option for advanced marketing training, and providing an agile and cutting-edge program that will qualify graduates for high-paying jobs.

The proposed program aligns with the University of Tennessee System's mission to educate, discover, and connect by enhancing educational excellence, expanding research capacities by employing students as

research assistants, and leveraging existing industry partnerships to create a flexible program that will continue to meet evolving industry demand.

CURRICULUM

The proposed MS-MARK program is structured so that full-time students can complete the required 32 credit hours in one academic year. The curriculum has been designed to adhere to the Association to Advance Collegiate Schools of Business (AACSB) accreditation standards.

At the completion of the program, graduates will meet the following program learning outcomes, which have been mapped to specific courses:

- Explain the determinants of contemporary consumer behavior;
- Utilize quantitative and qualitative methodologies to generate marketing insights;
- Leverage marketing insights to develop marketing tactics, strategies, and plans;
- Monitor market and marketing performance;
- Identify and refine insights-based innovation opportunities;
- Build a marketing technology stack;
- Employ advanced and emerging digital tools in support of marketing practice; and
- Demonstrate an ability to collaborate effectively in cross-functional customer teams.

The proposed Master of Science in Marketing program will require the development of 11 new courses which will be supported by \$100,000 in startup funding from the Haslem College of Business. Faculty have already been identified to develop and teach each of these new courses.

PROGRAM PRODUCTIVITY

Projections by the UTK Marketing Department estimate that eight students will enroll in the MS-MARK in its first year, with enrollment growing to 39 students by year five. Online enrollment is expected to begin in the third year. The program projects graduates starting in the first year and anticipates a seven percent attrition rate for in-person, full-time students, and a ten percent rate for online full-time students.

	2022-23	2023-24	2024-25	2025-26	2026-27
Enrollment	8	13	25	37	39
Graduates	7	12	19	29	31

PROGRAM DUPLICATION

There are currently no public institutions who offer a Master of Science in Marketing in the state of Tennessee. However, Vanderbilt University offers a Master of Marketing with the same CIP code and East Tennessee State University offers a Master of Science in Digital Marketing.

EXTERNAL JUDGEMENT

An external review of the proposed program was conducted during a virtual site visit on November 18, 2021 by Dr. David Hardesty, Carol Martin Gatton Endowed Chair of Marketing and Director of the Master of Science in Marketing at the University of Kentucky. The site visit included meetings with campus administrators, faculty, prospective students, and industry partners.

Dr. Hardesty highly recommended the approval of the proposed MS-MARK, observing that the program is “needed and will provide outstanding opportunities for students and help fulfill the demand for students with a master’s degree in marketing.” Dr. Hardesty also pointed out that “the institution [UTK] has the necessary faculty and institutional resources to implement the program” and highlighted the robust network of industry partners and the quality of the program faculty.

STUDENT DEMAND

The Haslem College of Business surveyed 140 currently enrolled students in the undergraduate marketing program capstone course concerning their interest in the proposed program. Sixty percent of the students indicated interest in a MS in marketing program, and 52 percent were interested in enrolling within two years following the completion of their undergraduate degree.

OPPORTUNITIES FOR PROGRAM GRADUATES

Program graduates will be well qualified for many opportunities in marketing positions including marketing research analysts and marketing managers which are in demand both nationally and in Tennessee.

According to the U.S. Bureau of Labor Statistics, marketing research analyst positions are projected to increase over 24 percent and marketing manager positions by nearly 13 percent in Tennessee between 2018 and 2028. Additionally, a review of job postings in Tennessee for marketing research analysts and marketing managers produced nearly 40,000 unique opportunities between 2016-2020. Twenty percent of those job postings required or preferred a master’s degree, 50 percent were in the Nashville Metro area, 23 percent in the Memphis Metro area, 9 percent in Knoxville, and 5 percent in Chattanooga.

In addition, the 26th Edition of the CMO survey (February 2021), which solicits input twice a year from nearly 3,000 marketers at for-profit US organizations, projected a 7.6 percent increase in marketing hires within the year. Furthermore, Georgetown University’s *Economic Value of College Majors Report* states that median wages for individuals with a marketing graduate degree are \$18K higher nationally and \$10K higher in Tennessee compared to individuals with a bachelor’s degree only.

Letters of support are provided from Procter & Gamble, Lutron Electronics Co. Inc. E&J Gallo Winery, Ryder System, Inc., Weigel’s, and Smarter Searches. These companies and several others participate in the Marketing Department’s Professional Sales Forum, which is a strong source of industry support and partnership.

INSTITUTIONAL CAPACITY TO DELIVER THE PROGRAM

The MS-MARK program will be housed in the Department of Marketing in the Haslem College of Business (HCB). The marketing department currently employs fourteen faculty members who will teach in the proposed program. No additional faculty will be needed to fulfill the instructional requirements for the MS-MARK program. One current faculty member will serve as director of the program. The HCB Office of Graduate and Executive Education will support program recruitment and admissions; partner relationships; student support services; and career development.

ASSESSMENT AND POST-APPROVAL MONITORING

An annual performance review of the proposed program will be conducted for the first five years following program approval. The review will be based on benchmarks established in the approved proposal. At the end of this period, the campus, institutional governing board, and THEC staff will perform a summative evaluation. The benchmarks include, but are not limited to, enrollment and graduation, program cost, progress toward

accreditation, and other metrics set by the institution and staff. If benchmarks are not met during the monitoring period, the Commission may recommend that the institutional governing board terminate the program. If additional time is needed and requested by the institutional governing board, the Commission may choose to extend the monitoring period.

FINANCIAL PROJECTIONS

**Tennessee Higher Education Commission
Appendix A: THEC Financial Projections Form
University of Tennessee, Knoxville
Master of Science in Marketing**

Seven-year projections are required for doctoral programs.
Five-year projections are required for baccalaureate and Master's degree programs
Three-year projections are required for associate degrees and undergraduate certificates.
Projections should include cost of living increases per year.
Planning year projections are not required but should be included when appropriate.

	Planning Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
I. Expenditures								
A. One-time Expenditures								
New/Renovated Space ¹	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Library	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Consultants	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ 80,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total One-time	\$ 85,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
B. Recurring Expenditures								
Personnel								
Administration								
Salary	\$ 60,000	\$ 61,800	\$ 63,654	\$ 65,564	\$ 67,531	\$ 69,556	\$ -	\$ -
Benefits	\$ 18,000	\$ 18,540	\$ 19,096	\$ 19,669	\$ 20,259	\$ 20,867	\$ -	\$ -
Sub-Total Administration	\$ 78,000	\$ 80,340	\$ 82,750	\$ 85,233	\$ 87,790	\$ 90,423	\$ -	\$ -
Faculty								
Salary	\$ -	\$ 176,250	\$ 176,250	\$ 176,250	\$ 176,250	\$ 176,250	\$ -	\$ -
Benefits	\$ -	\$ 52,875	\$ 52,875	\$ 52,875	\$ 52,875	\$ 52,875	\$ -	\$ -
Sub-Total Faculty	\$ -	\$ 229,125	\$ 229,125	\$ 229,125	\$ 229,125	\$ 229,125	\$ -	\$ -
Support Staff								
Salary							\$ -	\$ -
Benefits							\$ -	\$ -
Sub-Total Support Staff	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Graduate Assistants								
Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tuition and Fees ⁴ (See Below)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total Graduate Assistants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating								
Travel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Printing	\$ 2,000	\$ 4,000	\$ 4,120	\$ 4,244	\$ 4,371	\$ 4,502	\$ -	\$ -
Equipment	\$ 2,500	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628	\$ -	\$ -
Other	\$ 4,000	\$ 83,137	\$ 116,588	\$ 184,018	\$ 307,763	\$ 344,310	\$ -	\$ -
Sub-Total Operating	\$ 8,500	\$ 92,137	\$ 125,858	\$ 193,566	\$ 317,597	\$ 354,440	\$ -	\$ -
Total Recurring	\$ 86,500	\$ 401,602	\$ 437,733	\$ 507,924	\$ 634,512	\$ 673,988	\$ -	\$ -
TOTAL EXPENDITURES (A + B)	\$ 171,500	\$ 401,602	\$ 437,733	\$ 507,924	\$ 634,512	\$ 673,988	\$ -	\$ -

***If tuition and fees for Graduate Assistants are included, please provide the following information.**

Base Tuition and Fees Rate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Graduate Assistants	-	-	-	-	-	-	-	-

II. Revenue

	Planning Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Tuition and Fees ²	\$ -	\$ 197,785	\$ 321,401	\$ 561,467	\$ 783,068	\$ 832,515	\$ -	\$ -
Institutional Reallocations ³	\$ 171,500	\$ 203,817	\$ 116,332	\$ (53,543)	\$ (148,556)	\$ (158,527)	\$ -	\$ -
Federal Grants ⁴	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Private Grants or Gifts ⁵	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other ⁵	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BALANCED BUDGET LINE	\$ 171,500	\$ 401,602	\$ 437,733	\$ 507,924	\$ 634,512	\$ 673,988	\$ -	\$ -

Base Tuition and Fees Rate	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Number of Graduate Assistants		-		-		-		-		-		-		-		-

II. Revenue

	Planning Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	
Tuition and Fees ²	\$	-	\$ 197,785	\$ 321,401	\$ 561,467	\$ 783,068	\$ 832,515	\$ -	\$ -
Institutional Reallocations ³	\$	171,500	\$ 203,817	\$ 116,332	\$ (53,543)	\$ (148,556)	\$ (158,527)	\$ -	\$ -
Federal Grants ⁴	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Private Grants or Gifts ⁵	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other ⁶	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BALANCED BUDGET LINE	\$	171,500	\$ 401,602	\$ 437,733	\$ 507,924	\$ 634,512	\$ 673,988	\$ -	\$ -

(1) Provide the funding source(s) for the new or renovated space.

N/A

(2) In what year is tuition and fee revenue expected to be generated? Tuition and fees include maintenance fees, out-of-state tuition, and any applicable earmarked fees for the program. Explain any differential fees.

Tuition and fee revenue is first expected to be generated in the 2022-2023 academic year (projected enrollments per year are provided in the narrative). Fees include a \$7,500 program fee (subject to board approval) that will be used, in part, for student support and programming activities (associated costs listed under "other" operating expenses).

(3) Identify the source(s) of the institutional reallocations, and grant matching requirements if applicable.

The source of institutional reallocations will be the Haslam College of Business (Graduate and Executive Education programs office).

(4) Provide the source(s) of the Federal Grant including the granting department and CFDA (Catalog of Federal Domestic Assistance) number.

N/A

(5) Provide the name of the organization(s) or individual(s) providing grant(s) or gift(s).

N/A

(6) Provide information regarding other sources of the funding.

N/A



TENNESSEE HIGHER EDUCATION COMMISSION

REGULAR CALENDAR ITEM: V.

MEETING DATE: May 19, 2022

SUBJECT: Division of Postsecondary State Authorization
Approval of Emergency Rule Revisions to Rule Chapters 1540-01-02 & 1540-01-10

ITEM TYPE: Action

ACTION RECOMMENDATION: Adoption

BACKGROUND

The Tennessee Higher Education Authorization Act passed in 2016, reshaping the regulatory structure for degree-granting, accredited private institutions. The 2016 Act also directed THEC to examine and redesign the authorization framework for all authorized institutions. While doing such, it has become clear that the most effective use of our scarce regulatory resources is to focus on tasks that directly impact students. These tasks range from investigating complaints from students and institutions to supporting students when an institution closes.

HB2606/SB2843 passed the House and Senate and is making its way to Governor Lee for signature. The bill further refines how Tennessee regulates postsecondary educational institutions as defined in Title 49, Chapter 7, Part 20. The legislation streamlines the state authorization process, reduces the regulatory burden on institutions, and codifies current practices, while maintaining important consumer protections and institution accountability.

Highlights of the bill are as follows:

- Dissolving the Committee on Postsecondary Educational Institutions;
- Empowering the Executive Director to award provisional authorization subject to review and ratification by the Commission;
- Allowing for annual compliance certifications when multi-year authorization is awarded;
- Deleting the “degree-granting” limitation for Optional Expedited Authorization thereby allowing any accredited institution to take advantage of the “fast-track” authorization pathway created by the 2016 Act;
- Removing the requirement that THEC conduct annual site visits as part of the reauthorization process while retaining the authority to conduct site visits when warranted;
- Eliminating the requirements for agent permits and agent bonds;
- Revising bonding requirements such that all institutions will submit a bond in the same amount and providing that an institution cannot operate beyond ninety (90) days without a bond;
- Providing that a successful tuition guarantee fund claim be paid directly to the student; and
- Changing program approval terminology to program registration.

For purposes of promulgating rules, the bill takes effect upon becoming a law, and for all other purposes, the bill takes effect on July 1, 2022. As a result, Commission staff have drafted Emergency Rules for consideration by the Commission so that the regulatory framework will be in place by July 1, 2022.

EMERGENCY RULES SUMMARY

The Emergency Rules before you today amend the March 2017 version of Rule Chapter 1540-01-02 and 1540-01-10. The revisions were written with the intention to make only those changes necessary to effectuate the purposes of HB2606/SB2843, 2018 Public Chapter 790, 2019 Public Chapter 82, and rule waivers issued by the Executive Director in May 2018 and October 2020.

Highlights of the rule revisions are as follows:

- Removing references to the Committee on Postsecondary Educational Institutions and revising the roles of the Commission, Executive Director, and Commission Staff accordingly;
- Adding and revising definitions;
- Allowing for submission of certain applications on a rolling basis;
- Providing notice as to the Commission's application review process;
- Allowing for authorization for up to four (4) years with the requirement that the institution submit a Certification of Compliance in years one (1), two (2), and three (3);
- Creating minimum requirements for new forms, such as the Certification of Compliance, and revising requirements for forms affected by the bill, such as the Program Registration Request;
- Deleting references to agent permits and agent bonds, including the fees associated with applications for permits;
- Stating that student level statistical data is due by October 15 each year;
- Providing that a student who asserts a complaint against regularly authorized institutions must first exhaust the grievance process at the institution and detailing the complaint review process for all complaints;
- Deleting the degree-granting limitation to eligibility for Optional Expedited Authorization (OEA); and
- Allowing institutions that have had OEA revoked to reapply when the grounds for revocation have been resolved.

ACTION RECOMMENDATION

The Secretary of State's Emergency Rule Filing Form (SS-7040 (September 2021)), requires that a roll call vote of the Commission be taken. Additionally, the form requires that the Attorney General and Reporter of the State of Tennessee examine and approve the rules prior to filing the form. Commission staff and the Attorney General's Office have discussed the rules and will meet again to do so prior to May 19.

Based on the foregoing, Commission staff recommends that the Commission vote to adopt the proposed Emergency Rules as written herein with a stated effective date of July 1, 2022, and authorize the Executive Director to make any revisions to the rules proposed by the Office of the Attorney General that are technical or necessary to ensure the legality of the rules. Once all revisions are made and the bill is signed by the Governor, Commission staff will file the Emergency Rule Filing Form with the Secretary of State's office.

PROPOSED EMERGENCY RULES – VERSION WITH AMENDMENTS INCORPORATED

Amendment

CHAPTER 1540-01-02

AUTHORIZATION AND REGULATION OF POSTSECONDARY EDUCATION INSTITUTIONS AND THEIR AGENTS

1540-01-02-.01 PREFACE.

- (1) The Commission invites continuous, constructive cooperation with institutions, civic organizations, governmental agencies, Better Business Bureaus, students and others to ensure the enforcement and improvement of these standards for better service to all consumers and will work to implement these rules as staffing allows. The observance of these rules is the responsibility of each institution for the inherent advantage to each institution and for the common good of all institutions.
- (2) These rules are complementary to the Tennessee Higher Education Authorization Act of 2016 at Title 49, Chapter 7, Part 20. Institutions and agents must comply with the current language of the Act and these rules.

Authority: T.C.A. §§ 49-7-2002 and 49-7-2005.

1540-01-02-.02 ROLE OF THE COMMISSION, EXECUTIVE DIRECTOR, AND COMMISSION STAFF.

- (1) Role of the Tennessee Higher Education Commission (THEC or Commission):
 - (a) The Commission at each quarterly meeting shall consider recommendations from the Executive Director and Commission staff regarding authorizations and any other matter at the request of the Commission's Executive Director.
- (2) Role of the Tennessee Higher Education Commission Executive Director:
 - (a) The Executive Director is empowered to take any urgent action in furtherance of the Act during the periods between Commission meetings, provided that:
 1. the Executive Director gives written notice of such action to the affected party;
 2. the Executive Director notifies the affected party that they may notify the Commission within ten (10) business days if the aggrieved party desires a hearing and review by the Commission, and that otherwise the action shall be deemed final; and
 3. at the same time the Executive Director gives written notice of the action to members of the Commission.

- (b) The Executive Director is empowered to review decisions and recommendations of Commission staff as provided for in these rules.
 - (c) On the advice of Commission staff, the Executive Director, in consultation with the Commission, is authorized to waive these rules upon well documented extraordinary cause, where necessary to protect the public interest, and when consistent with the Act.
 - (d) The Executive Director may exempt a program or activity from authorization or from compliance with a specific rule if such an exemption can be demonstrated to be in the public interest. Such exemptions should be temporary and narrow in scope and be subject to annual review.
 - (e) The Executive Director is empowered to act in the following matters, subject to a hearing and review by the Commission upon the request of the aggrieved party in the manner provided by T.C.A. § 49-7-2012:
 - 1. assess fines under the Act and these rules; and
 - 2. intervene to alter, place conditions on, or revoke, in full or in part, an institution's authorization or program registrations.
 - (f) The Executive Director is empowered to grant provisional initial authorization to an institution seeking initial regular or optional expedited authorization subject to review and ratification by the Commission at its next regularly scheduled meeting.
 - (g) The Executive Director is empowered to extend authorization time periods of institutions authorized as of July 1, 2022, in order to effectuate the purposes of the Act and these rules. At the Executive Director's direction, Commission staff shall post on the Commission's website notice of authorization extensions and future filing requirements and provide notification of the posting to institutions via email.
- (3) Role of the Commission staff:
- (a) Beginning October 1, 2016, the office and Commission staff responsible for oversight of the Act and Rule Chapters 1540-01-02 and 1540-01-10 shall be officially referred to as the Tennessee Higher Education Commission, Division of Postsecondary State Authorization (DPSA).
 - (b) Commission staff and, as needed, other industry representatives or subject matter experts appointed by the Executive Director, shall perform site visits and/or audits to review, inspect, and investigate locations as necessary to ensure compliance with the Act and these rules. Site visits or audits may be conducted at the discretion of Commission staff for reasons including, but not limited to, authorization determinations, program registrations, complaints, investigations, compliance checks, or any situation that may adversely affect students or people at the institution.

- (c) Commission staff shall investigate as necessary any activity believed to create a physical presence in Tennessee to verify adherence to the Act and these rules or to determine whether an exemption is appropriate.
- (d) Commission staff shall establish due dates, as necessary, for submission of all fees, applications, registrations, certifications, or other materials.
- (e) Commission staff may share with state or federal agencies information on institutions seeking, holding, or required to be authorized by the Commission as well as any unauthorized educational operations. Commission staff may share with appropriate accrediting bodies any adverse action recommended or taken by Commission staff, the Executive Director, or Commission.
- (f) Commission staff may recommend that the Executive Director take adverse action as described in Rule .22 of these rules.

Authority: T.C.A. §§ 49-7-2004 and 49-7-2014.

1540-01-02-.03 DEFINITIONS.

- (1) "Ability-to-benefit" or "ATB" as an adjective describes:
 - (a) a student who has not provided proof of receiving a high school diploma or equivalency, but who has demonstrated by successfully passing an ability-to-benefit test that the student possesses the cognitive or physical skills needed to benefit from a course or certificate or diploma program; or
 - (b) a test given by an authorized institution to determine whether a student possesses the cognitive or physical skills to benefit from a certificate or diploma program.
- (2) "Academic" as an adjective describing a degree means a degree that is organized primarily for academic training or transfer. Academic degrees include: Associate of Arts, Associate of Science, Bachelor of Arts, Bachelor of Business Administration, Bachelor of Science, Bachelor of Fine Arts, Master of Arts, Master of Science, Master of Fine Arts, Master of Business Administration, Doctor of Philosophy, Doctor of Psychology, and Doctor of Education.
- (3) "Accreditation" is a non-governmental, peer evaluation of educational institutions and programs by private educational associations of regional and national scope that have adopted criteria for educational programs and have developed procedures for evaluating institutions or programs. These criteria determine whether or not institutions or programs are operating at basic levels of quality. The Commission only recognizes accrediting agencies that are recognized by the U.S. Department of Education.
- (4) "Act" means the Tennessee Higher Education Authorization Act of 2016, T.C.A. §§ 49-7-2001, et seq., as amended.

- (5) "Adverse action" means action taken by the Executive Director or Commission to fine, limit, change, suspend, or cause to cease activity that is not compliant with the Act and these rules. Such adverse action includes fines of five hundred dollars (\$500) per violation per day, suspension of activity, conditional authorization or program registration, or revocation of authorization or program registration.
- (6) "Agent" means any person representing a postsecondary educational institution for payment, who solicits in any form and enrolls, or seeks to enroll, a student for education offered by an authorized institution, or offers to award educational credentials, for remuneration, on behalf of any such institution. Persons owning an interest in an institution and the institution's full-time employees and directors shall not be considered agents under the Act.
- (7) "Articulation and transfer of credit agreement" means an arrangement between two (2) higher education institutions that is approved and signed by authorized institutional representatives and constructed by faculty in the discipline that (1) equates for transfer of a defined set or block of academic credits that will meet requirements of a specified program at a degree-awarding institution or (2) provides that a specific credential from one institution will meet the admission education requirement for a program leading to a higher credential at a second institution.
- (8) "Associate's degree" means a credential issued to students who complete a vocational or academic program or curriculum consisting of at least sixty (60) semester credit hours, ninety (90) quarter credit hours, or the equivalent.
- (9) "Authorization" means approval of a postsecondary educational institution by the Commission for the institution to engage in activities or operations otherwise prohibited by T.C.A. § 49-7-2007. Authorization is for a specified time at a specified location. Institutions shall not use authorization to connote greater approval than simple permission to engage in allowed activities or operations. Terms which may not be used include, but are not limited to, "accredited by," "supervised by," "endorsed by," and "recommended by the Commission."
- (10) "Authorization site visit" means an institutional site visit conducted by Commission staff or other industry representatives or subject matter experts to verify a location or program is compliant with the Act and these rules.
- (11) "Bachelor's degree" means a credential issued to students who complete a vocational or academic program or curriculum consisting of at least one hundred and twenty (120) semester credit hours, one hundred and eighty (180) quarter hours, or the equivalent.
- (12) "Certificate program" generally means one (1) or more technical courses usually completed in one (1) to twenty-six (26) weeks, or up to and including five hundred (500) contact hours normally with a single skill objective.
- (13) "Clock Hour" has the same meaning as contact hour.
- (14) "Closed enrollment" means instruction provided to a group or business by a postsecondary

educational institution, whereby public solicitation does not occur and the institution is given a list of enrollees to train at no cost to the students.

- (15) "College" means (1) a unit of a university offering specialized degrees or (2) a postsecondary educational institution offering courses of study leading to a degree.
- (16) "Commission" means the Tennessee Higher Education Commission.
- (17) "Completion rate" shall have the same meaning as "graduation rate," and shall mean the number of completions as a percentage of the number of students not currently enrolled minus the number of withdrawals due to special circumstances, that is, $\text{Completion Rate} = \frac{\text{Number of Completions}}{\text{Number Not Currently Enrolled} - \text{Special Circumstance Withdrawals}} \times 100$.
- (18) "Contact hour" means a sixty (60) minute period of time that contains at least fifty (50) minutes of actual directed or supervised instructional time.
- (19) "Degree" means an educational credential from a postsecondary educational institution with the term associate, bachelor, masters, specialist, or doctor in the credential designation.
- (20) "Diploma program" means a program of instruction offering technical and some basic course work. General education courses may be included. Program requirements generally range from more than five hundred (500) contact hours to less than the requirements for an Associate degree.
- (21) "Distance learning" means a system and process that connects learners with distributed learning resources through delivery systems at a distance such as correspondence, video tape, audio tape, telecommunications, computer resources, computer network system or an electronic delivery system, where there is physical separation of the instructor and student.
- (22) "Division of Postsecondary State Authorization" or "DPSA" means the office and Commission staff responsible for oversight of the Act and Rule Chapters 1540-01-02 and 1540-01-10.
- (23) "Doctoral degree" means a credential issued to students who complete a program consisting of a bachelor's degree plus at least ninety (90) semester hours of graduate credit, one hundred and thirty-five (135) quarter hours of graduate credit, or the equivalent.
- (24) "Enrollment" refers to those students who have attended one (1) session of class, turned in one (1) assignment, or received one (1) distance learning lesson.
- (25) "Educational credentials" means degrees, diplomas, certificates, transcripts, reports, documents, or letters of designation, marks, appellations, series of letters, numbers or words which signify, purport or are generally taken to signify enrollment, attendance, progress or satisfactory completion of the requirements or prerequisites for education at a postsecondary educational institution.
- (26) "Educational service" means any class, course or program of training, instruction or study.

- (27) "Federal student financial aid programs" means any of the various loans or grants offered to students, parents, or institutions through Title IV of the Higher Education Opportunity Act, as amended.
- (28) "General education courses" means academic subjects intended to broaden communication/language skills, contribute to the intellectual growth of the student and give balance to the total program beyond the area of vocational or professional concentration.
- (29) "Independent certified public accountant" means a certified public accountant not associated with the institution, its owners, or its affiliated businesses.
- (30) "In-field placement rate" means the Number Placed In-Field as a percentage of number placeable, that is, $\text{In-Field Placement Rate} = \frac{\text{Number Placed In-Field}}{\text{Number Placeable}} \times 100$.
- (31) "Institutional director" means the individual designated by the institution to assume responsibility for ensuring that the conduct of the institution and its agents are within the Act and these rules.
- (32) "License" or "Licensure" includes similar terms, such as registration and certification, and means a designation from a subject matter expert state agency, board, or commission indicating that the recipient has met certain requirements for obtaining the designation, for example, a licensed massage therapist or educator.
- (33) "Location" means an address that may be used for purposes of a postsecondary educational institution in compliance with all pertinent ordinances and laws, including any rules and regulations adopted pursuant to the ordinances and laws, relative to zoning and the safety and health of persons at the address. When physical presence activities or operations are not the result of instruction at a postsecondary educational institution location as determined by the Commission staff, such as supervised field experiences or similar activities or operations, then the postsecondary educational institution location from which the educational credential is awarded must be the authorized location.
- (34) "Master's degree" means a credential issued to students who complete a program consisting of a bachelor's degree plus at least thirty (30) semester credit hours, forty-five (45) quarter credit hours, or the equivalent.
- (35) "Other fees" means fees, other than tuition, paid to the institution or third parties for products or services, including, but not limited to, fees paid for tangible goods, laboratory fees, technology fees, student activity fees, graduation fees, or fees paid for housing, meals, or transportation.
- (36) "Out-of-state institution" means an authorized postsecondary educational institution that maintains its primary campus in another state, but has a physical presence in Tennessee.
- (37) "Ownership" and "Owner" mean:

- (a) the individual, if the postsecondary educational institution is a sole proprietorship;
 - (b) all partners, whether full, silent, or limited, if the postsecondary educational institution is a partnership;
 - (c) all individuals and entities with an interest in the for-profit corporation or other for-profit legal entity, if the postsecondary educational institution is a for-profit corporation or other for-profit legal entity; or
 - (d) the executive committee of the governing board, if the postsecondary educational institution is a not-for-profit or nonprofit entity.
- (38) "Physical presence" means presence within the state of Tennessee for the purpose of conducting activity related to a postsecondary educational institution as given in T.C.A. § 49-7-2007. Physical presence as further outlined for purposes of authorization shall include but not be limited to:
- (a) operating an instructional site within the state;
 - (b) offering instruction within or originating from Tennessee designed to impart knowledge with response utilizing teachers, trainers, counselors or computer resources, computer linking, or any form of electronic means;
 - (c) granting an educational credential from a location within the state;
 - (d) using an agent, recruiter, institution, or business that solicits for enrollment or credits or for the award of an educational credential; or
 - (e) advertising, disseminating promotional material or conducting public solicitation in any form that targets Tennessee residents or uses local advertising markets in the state for institutions seeking, holding, or required to be authorized by the Commission.
- (39) "Placement rate" means the number placed as a percentage of the number placeable, that is, $\text{Placement Rate} = \text{Number Placed} / \text{Number Placeable} \times 100$.
- (40) "Postsecondary educational institution" includes, but is not limited to, a school, college, university, or other type of entity offering educational credentials, instruction, educational services, or other activities as described in T.C.A. § 49-7-2007, primarily to persons who have completed or terminated their secondary education, or who are beyond the age of compulsory high school attendance, for the attainment of educational, professional, or vocational objectives.
- (41) "Quarter" is a period of instruction into which the academic year is divided. A quarter must consist of at least ten (10) weeks.

- (42) "Quarter credit hour" means a measurement of scholastic attainment earned by receipt of instruction for one (1) quarter of one (1) classroom lecture hour per week, two (2) hours of laboratory experience per week, or three (3) hours of intern/externship experience per week, or the equivalent number of hours.
- (43) "Refundable fees" means any fees paid by or on behalf of the student to the institution but excluding fees paid for (1) tangible goods retained by the student or (2) services provided in full to the student.
- (44) "Residential course" means a course in which the student comes to an institution's authorized location as opposed to a course where the student and the instructor are in different locations.
- (45) "Semester" is a period of instruction into which the academic year is divided. A semester must consist of at least fifteen (15) weeks.
- (46) "Semester credit hour" means a measurement of scholastic attainment earned by receipt of instruction during one (1) semester of one (1) classroom lecture hour per week, two (2) hours of laboratory experience per week, or three (3) hours of intern/externship experience per week or the equivalent number of hours.
- (47) "Solicitation" means contact, written or verbal, on behalf of an institution for the purpose of supplying information in an attempt to enroll Tennessee residents.
- (48) "Specialist Degree" means an advanced master's degree or post-master's degree with requirements less than those required for a doctoral degree.
- (49) "Supervised field experiences" means a student learning experience comprised primarily of the practical application of previously studied theories and skills, under the oversight of a supervisor, mentor, faculty member or other qualified professional who has a direct or indirect reporting responsibility to the institution where the student is enrolled, whether or not credit is granted. The supervised field experience is part of a program of study offered by the enrolling institution. Examples include practica, student teaching, clinical placements, or internships.
- (50) "These rules" means all rules contained in Rule Chapter 1540-01-02.
- (51) "Time to completion" means the total number of days from a student's start date until the completion date.
- (52) "Tuition" means any fee involving the student, actually charged or tracked as a bookkeeping item for instruction provided. Pursuant to Rule .15(4) of these rules, all tuition charges must clearly indicate the period of enrollment for which the student is being charged, for example, if the program is a four (4) month program but the tuition charged is for one (1) month, the account statement might read "Tuition Charged for Month 1."
- (53) "Tuition guaranty fund" means the tuition guaranty fund created by T.C.A. § 49-7-2018 and

the related rules in Rule Chapter 1710-01-02.

- (54) "Unearned tuition" means the dollar amount calculated pursuant to T.C.A. § 49-7-2018 and the related rules in Rule Chapter 1710-01-02.
- (55) "University" means a postsecondary educational institution that provides facilities for teaching and research, offers academic undergraduate and graduate degrees at the baccalaureate and higher level, and is organized into largely independent colleges or schools offering undergraduate, graduate, and/or professional programs.
- (56) "Vocational" in the description of a program or institution means that which is organized primarily for job entry or upgrading of job skills that would result in a new job title or position and is not intended for academic transfer.
- (57) "Withdrawal rate" means the number of withdrawals minus the number of withdrawals due to special circumstances as a percentage of program enrollment, that is, $\text{Withdrawal Rate} = (\text{Number of Withdrawals} - \text{Special Circumstance Withdrawals}) / \text{Program Enrollment} \times 100$.

Authority: T.C.A. §§ 49-7-2003 and 49-7-2005

1540-01-02-.04 DETERMINATION FOR REQUIRED AUTHORIZATION.

- (1) No location of a postsecondary educational institution may create a physical presence unless the location is authorized by an affirmative vote of the Commission during a public meeting, is awarded provisional initial authorization, or is exempt. Authorization includes regular, provisional, and conditional authorization referred to in this Rule Chapter as well as optional expedited authorization referred to in Rule Chapter 1540-01-10.
- (2) Commission staff may recommend that the Executive Director take adverse action against any unauthorized school, college, university, or other type entity requiring authorization as a postsecondary educational institution. Such entities must make an immediate good faith effort toward compliance by submitting an Initial Authorization Application or Optional Expedited Authorization Application, as provided in Rule Chapter 1540-01-10, and the applicable fee by the due date provided by Commission staff.

Authority: T.C.A. §§ 49-7-2002, 49-7-2003, 49-7-2005, 49-7-2006, 49-7-2011, and 49-7-2022.

1540-01-02-.05 EXEMPTIONS.

- (1) T.C.A. § 49-7-2004 of the Act includes general descriptions of institutions and programs that are exempt from the provisions of the Act and these rules. Institutions and programs meeting the specific provisions below shall be considered exempt pursuant to the general exemption descriptions of T.C.A. § 49-7-2004.
 - (a) Subject to subparagraph (b) of this rule, education that is:

1. maintained or given by an employer or group of employers, for employees or for persons they anticipate employing at no cost to the individual;
 2. maintained or given by a U.S. Department of Labor or state recognized labor organization (1) to its membership or apprentices or (2) at no cost to the individual;
 3. financed and/or subsidized by public funds, at no cost to the individual, and having a closed enrollment;
 4. given under a contract agreement, having a closed enrollment, at no cost to the individual, and does not offer educational credentials that in the opinion of Commission staff are specifically directed toward new or additional vocational, professional, or academic goals; or
 5. given to a closed network of franchise owners and their employees at no cost to employees through a franchisor that does not advertise or provide its training to the general public and wherein such training is not the primary business of the franchisor.
- (b) For purposes of subparagraph (a) of this rule, payroll deductions, minimum employment periods as a result of a company's investment in the employee, fees levied if an individual leaves that employment, or similar practices shall constitute cost to the individual, except that the employer may accept funds provided through a state or federal program that provides adequate institutional and/or programmatic review as determined by Commission staff.
- (c) Programs, seminars, or workshops that are recreational or avocational, including, but not limited to, motivational or enrichment programs, as determined by Commission staff shall be considered exempt from registration requirements. Upon review by Commission staff, a provider that presents the instruction in such a way as to suggest a vocational end may be required to become authorized or clarify through public advertising that the program, seminar, or workshop is in fact recreational or avocational.
- (d) Short-term programs, seminars, or workshops that are solely for professional enhancement as determined by Commission staff shall be considered exempt from registration requirements. Education resulting in specialized certifications clearly used to denote technical, professional, or vocational proficiency toward an additional vocational goal or new job title must be authorized for operation.
- (e) Intensive review courses of instruction previously received by students that are designed solely to prepare students for graduate or professional school entrance exams and professional licensure exams shall be considered exempt from registration requirements. This exemption applies only when the review course is not designed to provide the initial training in the subject area.

- (f) Training designed to prepare students for credit-by-examination tests may be considered exempt from registration requirements. The exemption is contingent on the entity's agreement to indicate in all promotional materials that the training is for test preparation for credit-by-examination tests and refrain from any misleading representations. Such misleading representations include:
 - 1. suggesting in any way that the training results in receipt of an educational credential, such as a degree;
 - 2. listing anticipated salary amounts; and
 - 3. suggesting that the entity is accredited.
 - (g) Businesses offering limited computer training in hardware, software, delivery systems or any related technology for clients or customers directly related to a sale of equipment or services are exempt from the provisions of authorization.
 - (h) Businesses offering short-term computer courses in common software or basic computer hardware that is intended for enrichment or professional enhancement are exempt from the provisions of authorization unless in the opinion of Commission staff the courses are offered concurrently toward a vocational goal.
- (2) Any institution or program that qualifies as exempt under the Act and these rules is exempt from authorization or registration without a determination of the Commission. However, institutions can request that Commission staff issue a written determination of exemption as provided for in Rule .07 of these rules for the institution as a whole or for any program. Commission staff can revoke or amend an exemption determination if the basis for the exemption changes or no longer exists.

Authority: T.C.A. §§ 49-7-2002, 49-7-2003, 49-7-2004, 49-7-2005, 49-7-2006 and 49-7-2008.

1540-01-02-.06 MINIMUM STANDARDS FOR AUTHORIZATION.

- (1) Institutions authorized to operate or seeking authorization in Tennessee must meet the minimum standards for authorization stated in the Act and these rules. Commission staff shall verify that an institution meets minimum standards for authorization through review of applications, registration requests, and certifications.
- (2) No out-of-state institution will be considered for authorization if it is not authorized in the state where it is primarily located.
- (3) In relation to the size and scope of the institution, it shall furnish adequate student services and resources to fulfill the mission and claims of the institution. Such services must have staff available to students with the knowledge and skills in areas such as: academic standing and satisfactory progress, admissions, employment opportunities or placement, intern/externships, library, and financial aid.

- (4) Administrative capability must be demonstrated in the daily operational standards at the institution. Administrative capability is the ongoing effective operation of the institution such that the institution is able to comply with and, as applicable, coordinate federal, state and accreditation requirements in a positive and educationally enriching environment to the benefit of students. Indicators of a breakdown of administrative capability include: reoccurring violations in the same area, numerous student complaints during the year, failure to correct compliance issues, frequent or sudden turnover in faculty or staff, or multiple findings in several different areas.
- (5) Institution Name:
- (a) An institution's name may not duplicate another institution name or mislead potential students in violation of fair consumer practices or suggest guaranteed employment, completion, or other outcomes.
 - (b) An institution may not use the word university in its name unless the institution meets the definition of university in these rules and has been so approved by a regional accrediting body so recognized by the U.S. Department of Education.
 - (c) An institution may use the word college in its name without a qualifier if the institution:
 - 1. meets the definition of college as set forth in these rules;
 - 2. has been approved by an accrediting body recognized by the U.S. Department of Education to offer degree level programs; and
 - 3. offers or is seeking approval to offer at least one (1) degree program.
 - (d) An unaccredited or non-degree granting postsecondary educational institution may use the word college in its name as long as the name contains an appropriate qualifier, such as career, vocational, or Bible. For institutions authorized after October 1, 2016, the qualifier shall precede the word college.

Authority: T.C.A. §§ 49-7-2002, 49-7-2004, 49-7-2005, 49-7-2006, 49-7-2007, 49-7-2008.

1540-01-02-.07 INSTITUTIONAL APPLICATIONS, REQUESTS, AND CERTIFICATIONS OF COMPLIANCE.

- (1) Due dates, denials, withdrawals, and review:
- (a) For purposes of these rules, application refers to any application, request, or certification.
 - (b) When a due date is provided by Commission staff, a complete application in the prescribed format shall be received at the Commission by the close of business on the due date. Applications received after the due date will be deemed late, will be

reviewed after all timely filed applications are reviewed, and may be subject to a late fee.

- (c) Initial Authorization Applications and Program Registration Requests shall be filed in the prescribed format and may be filed at any time. All other applications, registration requests, or certifications shall be filed as provided for in these rules. Applications will be reviewed when complete.
 - (d) When received, Commission staff shall determine whether an application is complete and notify the applicant if the application is incomplete. An applicant will have thirty (30) days to complete an incomplete application. Incomplete applications include applications submitted without all applicable fees or in a format other than the prescribed format and applications missing a required attachment. An application that is not completed by the prescribed due date will be deemed withdrawn.
 - (e) Denial or withdrawal of an application does not prevent the applicant from submitting a new application.
 - (f) When an application is before Commission staff for consideration, Commission staff will provide the applicant written notice of its final determination. If, upon written notification of any action taken by Commission Staff, an aggrieved applicant desires a review by the Executive Director, the applicant shall notify the Executive Director within ten (10) days of the date of the action of the Commission staff, otherwise the action of Commission staff shall be deemed final and no further review available. Any request for review by the Executive Director shall be in writing, signed, and provide a detailed explanation of each alleged error with references to the Act or these rules. A request may be denied if it is not received in a timely manner.
 - (g) If, upon written notification of any action taken by the Executive Director, an aggrieved applicant desires a hearing and review by the Commission, pursuant to T.C.A. § 49-7-2012, the applicant shall notify the Commission within ten (10) days of the date of the action of the Executive Director, otherwise the action of the Executive Director shall be deemed final and no further review available. Any request for review by the Commission shall be in writing, signed, and provide a detailed explanation of each alleged error with references to the Act or these rules. A request may be denied if it is not received in a timely manner.
 - (h) Any person, agent, group or entity aggrieved or adversely affected by any final Commission action may obtain judicial review of the action as provided in T.C.A. § 49-7-2012.
- (2) Initial Authorization Application:
- (a) Institutions must demonstrate through the Initial Authorization Application that the institution meets minimum standards for authorization as provided for in the Act and these rules. The application shall require at a minimum:

1. a name of the institution that complies with the Act and these rules;
2. evidence of a business account with a financial institution that is federally insured in said institution's name;
3. a description of the ownership of the institution, including names and contact information for owners or board of director members, percentage of ownership, and, when applicable, a corporate flowchart showing the institution's position in relationship to all affiliated corporate entities;
4. the address and general description of facilities such that a determination can be made that the institution has adequate space, equipment, and instructional material to provide education consistent with the objectives of the course or program of study.;
5. evidence demonstrating that the location meets the definition of location as provided for in these rules and that possession of the location is stable such that the institution will be able to use the location for a minimum of one (1) year from the date of application. Month-to-month leases are not acceptable;
6. qualifications for instructional staff and supervisors;
7. designation of and contact information for an institutional director for each location and an affirmation from the director that he or she will conduct the institution in accordance with the Act and rules;
8. a description of any administrative structure above the institutional director with the signature of the official that will notify the Commission if the director is replaced;
9. a continuous institutional surety bond;
10. a copy of the enrollment agreement the institution will use following receipt of authorization;
11. a copy of the pre-enrollment checklist the institution will use following receipt of authorization;
12. a copy of the institutional catalog the institution will use following receipt of authorization;
13. a copy of the student transfer of credit disclosure statement required by T.C.A. § 49-7-144;
14. any specific requirements as outlined under Rule .08 of these rules;

15. affirmation that the institution is maintained and operated in compliance with all pertinent ordinances and laws, including, but not limited to, rules and regulations adopted pursuant to ordinances and laws relative to the safety and health of all persons upon the premises;
16. if participating in Title IV federal student financial aid programs,
 - (i) the institution's Office of Postsecondary Education Identification (OPEID) number;
 - (ii) the most recently calculated three-year official cohort default rate from the Office of Federal Student Aid of the U.S. Department of Education; and
 - (iii) documentation demonstrating that the institution is currently maintaining financial standards and institutional stability deemed acceptable for eligibility in Title IV federal student financial aid programs. Documentation shall include at a minimum:
 - (I) the most recent independent audit completed, in part, for purposes of calculating the institution's federal financial composite score as described in 34 C.F.R. § 668.172; and
 - (II) any correspondence issued in the past twenty-four (24) months from the Federal Student Aid Office of the U.S. Department of Education concerning eligibility for financial aid, including, but not limited to, financial ratios, a letter of credit alternative, or a provisional certification alternative as well as any related correspondence from the institution;
17. provide financial statements as follows:
 - (i) as to institutions that are not currently operating a location,
 - (I) a year-to-date balance sheet that demonstrates resources adequate to fund facilities maintenance and overhead, staff and faculty payroll, books, supplies or equipment utilized by students, and general operating costs for a minimum of ninety (90) days and
 - (II) pro forma income statements demonstrating that the location for which authorization is being sought will within the first three (3) years following receipt of initial authorization meet the ratios described in Rule .14(5)(e) of these rules; or
 - (ii) as to institutions that are operating a location,

- (I) current financial statement with a balance sheet that demonstrates resources adequate to fund facilities maintenance and overhead, staff and faculty payroll, books, supplies or equipment utilized by students, and general operating costs for a minimum of ninety (90) days and
- (II) pro forma income statements demonstrating that the location for which authorization is being sought will within the first three (3) years following receipt of initial authorization meet the ratios described in Rule .14(5)(e) of these rules and financial statements of all owners; and

18. such other information or clarification deemed necessary by Commission staff.

- (b) A separate application for authorization must be made for each location located outside of reasonable walking distance from a previously authorized location. Commission staff may make reasonable exceptions for narrow purpose, highly structured programs at multiple locations where administrative requirements are limited and precise.
- (c) Initial Authorization may be granted for up to four (4) years, unless otherwise determined by the Executive Director or the Commission. Institutions with a four (4) year initial authorization term shall submit Certifications of Compliance as provided for in these rules in years one (1), two (2), and three (3) and a Reauthorization Application as provided for in these rules in year four (4).
- (d) Commission staff will review an Initial Authorization Application and, upon finding that the application demonstrates that the institution complies with all requisite standards, recommend that the Executive Director grant the institution provisional initial authorization. Provisional initial authorization shall list any limitations as to time, procedures, functions, or other conditions as deemed necessary and be subject to review and ratification by the Commission.
- (e) The Commission is not required to authorize an institution, if, in its judgment:
 - 1. the institution is noncompliant with the Act or these rules;
 - 2. adequate provisions for the institution or its programs exist within the proposed service area;
 - 3. if there is insufficient evidence that adequate employment opportunities exist in the related occupations for persons successfully completing the institution's programs; or

4. if the costs of a program are unreasonable in relation to the reasonably expected earnings in occupations for which the program is designed.
- (f) In the event that the Initial Authorization Application fails to demonstrate that the institution complies with all requisite standards, Commission staff shall defer the application by providing written notice of the deficiencies to the applicant and providing applicant two (2) opportunities to correct the deficiencies. Following the second failed attempt to correct deficiencies, the application will be denied.
- (3) Reauthorization Application:
- (a) Institutions with regular, or conditional authorization shall file a reauthorization application by a due date to be established by Commission staff and posted on the Commission's website.
 - (b) The Reauthorization Application constitutes a self-study through which institutions must demonstrate that the institution continues to meet the minimum standards for authorization as provided for in the Act and these rules. The application may require at a minimum:
 1. updates to information previously submitted as part of other applications;
 2. information related to required student enrollment documentation, such as enrollment agreements and disclosures;
 3. financial statements for the most recent institutional fiscal year as given under Rule .14 of these rules;
 4. a list of institutional personnel;
 5. funding data for students enrolled during the reporting year, including, but not limited to, the amount of self-pay and state or federal aid program funds;
 6. student data related to licensure examination passage rates as further explained in Rule .08(4) of these rules;
 7. affirmation of the requirement to submit statistical data as described in Rule .18 of these rules; and
 8. such other information or clarification deemed necessary by Commission staff.
 - (c) Commission staff will review a Reauthorization Application and, upon finding that the application demonstrates that the institution complies with all requisite standards, grant reauthorization for four (4) years, unless a shorter term is determined to be appropriate by the Executive Director or Commission. In the event

that the Reauthorization Application fails to demonstrate that the institution complies with all requisite standards, Commission staff shall defer the application by providing written notice of the deficiencies to the applicant and providing applicant two (2) opportunities to correct the deficiencies. Following the second failed attempt to correct deficiencies, Commission staff will recommend that the Executive Director take adverse action, including but not limited to assessing a fine, placing the institution on conditional authorization status or revoking authorization.

(4) Change of Ownership Application:

- (a) Authorization must be issued to the owner or governing body of the applicant institution and is nontransferable..

- (b) A change of ownership occurs when a transaction results in the controlling interest in the postsecondary educational institution changing from an authorized owner to an unauthorized owner. In the event of a change of ownership, the new owner must submit to Commission staff within five (5) business days after the change in ownership is finalized:
 - 1. a Change of Ownership Application and
 - 2. a request that the Executive Director grant the new owner conditional authorization until the new owner obtains provisional initial authorization.

- (c) The new owner shall submit an Initial Authorization Application or an Optional Expedited Authorization Application as provided for in Rule Chapter 1540-01-10 by thirty (30) days after the notice of conditional authorization.

- (d) The Change of Ownership Application shall require that the new owner provide the sales contract, bill of sale, deed, or other documents necessary to transfer ownership of the institution.

- (e) Commission staff will review a Change of Ownership Application and, upon finding that the application demonstrates that the institution complies with all requisite standards, grant the change of ownership and recommend that the Executive Director grant conditional authorization. In the event that the Change of Ownership Application fails to demonstrate that the institution complies with all requisite standards, Commission staff shall defer the application by providing written notice of the deficiencies to the applicant and providing applicant two (2) opportunities to correct the deficiencies. Following the second failed attempt to correct deficiencies, the application will be denied and the closure process described in Rule .23(b) of these rules will commence.

(5) Program Registration Request:

- (a) In order to offer a program, an institution must submit a Program Registration Request either along with an Initial Authorization Application or, for previously authorized institutions, as a stand-alone application. Program registration by the Commission is required prior to offering the program, which includes enrolling, advertising, recruiting or soliciting. Program Registration Requests shall be filed in the prescribed format and may be filed at any time.

- (b) The Program Registration Requests may include at a minimum:
 - 1. general program information, such as the program name, proposed start date, anticipated initial enrollment, itemized tuition and other fees, delivery mode, length, number of credits or contact hours, and accreditation status;

 - 2. designation of the credential awarded which conforms to the requirement that no institution may offer instruction leading to an academic degree unless the institution is approved by a regional accrediting body recognized by the U.S. Department of Education. An exception may be approved by the Executive Director upon recommendation of Commission staff. Any request for exception shall be made in writing and include proof of the following:
 - (i) the institution is accredited by an U.S. Department of Education approved accreditor for the specific degree type; the program is accredited by the appropriate accrediting agency if such accreditation is necessary for employment in or licensure by the state; and the institution has articulation and transfer of credit agreements with two (2) regionally accredited institutions both having a physical location in the Southeast region or

 - (ii) special or unique circumstances;

 - 3. if applicable, evidence of approval from any subject matter expert state agency, board, or commission;

 - 4. a program overview;

 - 5. a job title and the associated Classification of Institutional Programs (CIP) code applicable to the job title;

 - 6. the most currently available entry level salary or wage data and job outlook projections for those CIP codes from a Tennessee or federal website;

 - 7. admission criteria confirmation and, if necessary, an explanation;

 - 8. instructor qualifications;

 - 9. a list of training equipment, indicating whether the equipment is owned or leased;

10. if applicable, a list of all clinical or externships sites with which the institution has an executed agreement;
 11. The maximum pupil to teacher ratio for each course. Acceptable ratios, without special permission from the Commission, are as follows:
 - (i) lecture: 40-1;
 - (ii) allied health and nursing labs: 20-1;
 - (iii) class A truck cab: 4:1; and
 - (iv) class B truck cab: 2:1;
 12. if applicable, distance learning specific information, such as:
 - (i) a mock password so that Commission staff can navigate through the online system used for instruction and
 - (ii) an explanation as to how educational goals and overall program goals are achievable through distance learning; and
 13. such other information or clarification deemed necessary by Commission staff.
- (c) An institution revises a program when it changes any element of a program that has been registered with the Commission, for example, the name of the program, tuition, credit or contact hours, other fees, length, or delivery mode, or when it changes the status of the program, for example, inactivates or discontinues the program. Institutions may revise programs as follows:
1. When an institution revises a registered program, by more than twenty-five percent (25%) in the last twelve (12) months or by changing the program delivery mode, name, or credential, then the institution must reregister the program by submitting a Program Registration Request. at least thirty (30) days prior to implementing the revision. When calculating twenty-five percent (25%) in the last twelve (12) months, all revisions made to quantifiable program elements in the last twelve (12) months should be totaled. For example, if in the last twelve (12) months, the institution raises tuition by five percent (5%) and adds ten percent (10%) to the program length, then the institution has revised the program by a total of fifteen percent (15%). If within twelve (12) months of these revisions, the institution raises other fees by fifteen percent (15%), then the total of the revisions in

the last twelve (12) months is now thirty percent (30%) and the institution must reregister the program by submitting a Program Registration Request.

2. In all other instances, an institution may revise a program at its discretion and report the revisions to Commission staff when completing the annual Reauthorization Application or Certification of Compliance.
- (d) Institutions shall not arbitrarily add a course to an existing program in which a student would incur additional time or expense beyond the catalog requirements at the time of enrollment, unless the addition is in response to:
1. state approval agency requirements;
 2. U.S. Department of Education recognized accreditor requirements; or
 3. professional licensure requirements.

In any event, the institution shall give adequate notice to all students affected prior to any change.

- (e) Commission staff will review a Program Registration Request and, upon finding that the registration demonstrates that the institution complies with all requisite standards, register the program by including it or revising it in the postsecondary program inventory. In the event that the Program Registration Request fails to demonstrate that the institution complies with all requisite standards, Commission staff shall defer the registration by providing written notice of the deficiencies to the applicant and providing applicant two (2) opportunities to correct the deficiencies. Following the second failed attempt to correct deficiencies, the program registration will be denied.

(6) Change of Location Application:

- (a) Absent extraordinary circumstances, an authorized institution shall submit a Change of Location Application thirty (30) days prior to moving. An example of an extraordinary circumstance is the unexpected loss of a lease.
- (b) The Change of Location Application shall include at a minimum:
1. the address and general description of facilities such that a determination can be made that the institution has adequate space, equipment, and instructional material;
 2. evidence demonstrating that the location meets the definition of location as provided for in these rules and that possession of the location is stable such that the institution will be able to use the location for a minimum of one (1) year from the date of application. Month-to-month leases are not acceptable;

3. affirmation that the institution is maintained and operated in compliance with all pertinent ordinances and laws including, but not limited to, rules and regulations adopted pursuant to ordinances and laws, relative to zoning and the safety and health of all persons upon the premises; and
 4. such other information or clarification deemed necessary by Commission staff.
- (c) Commission staff will review a Change of Location Application and conduct a site visit, if Commission staff determines a site visit is necessary. Upon finding that the application and site visit, if necessary, demonstrate that the institution complies with all requisite standards, Commission staff will grant the change of location. In the event that the Change of Location Application fails to demonstrate that the institution complies with all requisite standards, Commission staff shall defer the application by providing written notice of the deficiencies to the applicant and providing applicant two (2) opportunities to correct the deficiencies. Following the second failed attempt to correct deficiencies, Commission staff will recommend that the Executive Director take adverse action, including but not limited to assessing a fine, placing the institution on conditional authorization status or revoking authorization..
- (d) If a move is beyond ten (10) miles and a student is prevented from completing the training at the new location, a full refund of all moneys paid and a release from all obligations will be given to the student or loan holder.
- (7) School Personnel Application:
- (a) Authorized Institutions must provide and maintain qualified faculty and staff in order to fulfill the mission of the institution and all obligations to the students. Institutional Director qualifications must be submitted to Commission staff on a School Personnel Application no later than ten (10) business days after the hire date.
 - (b) Administrative personnel are individuals that oversee areas as outlined in operational and administrative standards. This includes by function, but is not limited to titles of an institutional director; financial aid administrator; director of admissions; director of education; business officer or manager; director of student services (including counseling and placement) and the registrar. Support and clerical staff are not included as administrative personnel.
 - (c) Commission staff will review a School Personnel Application and, upon finding that the qualifications of the institutional director meet all requisite standards, approve the application. In the event that the School Personnel Application fails to demonstrate that the qualifications of institutional director meet all requisite standards, Commission staff shall defer the application by providing written notice of the deficiencies to the applicant and providing applicant two (2) opportunities to correct the deficiencies. Following the second failed attempt to correct deficiencies, the application will be denied.

(8) Institution Name Change Application:

- (a) An authorized institution shall submit an Institution Name Change Application thirty (30) days prior to changing the institution's name unless the name change is the result of a change of ownership. In the case of a change of ownership, the authorized institution shall submit a Change of Ownership Application.
- (b) The Institution Name Change Application shall include at a minimum:
 - 1. updated contact information;
 - 2. a proposed new name of the institution that is compliant with these rules;
 - 3. updated surety bond information;
 - 4. an updated copy of the pre-enrollment checklist, enrollment agreement, and catalog; and
 - 5. such other information or clarification deemed necessary by Commission staff.
- (c) Commission staff will review Institution Name Change Application and, upon finding that the application demonstrates that the institution complies with all requisite standards, Commission staff will grant the change of name. In the event that the Institution Name Change Application fails to demonstrate that the institution complies with all requisite standards, Commission staff shall defer the application by providing written notice of the deficiencies to the applicant and providing applicant two (2) opportunities to correct the deficiencies. Following the second failed attempt to correct deficiencies, the application will be denied.

(9) Certification of Compliance

- (a) Annually during the authorization term, institutions with regular or conditional authorization shall file a Certification of Compliance by a due date to be established by Commission staff and posted on the Commission's website.
- (b) The Certification of Compliance shall require at a minimum that the institution self-certify that it is engaged in activities and operations in compliance with the Act and these rules, the institution provide an updated comprehensive program list, and the certification must be signed by the institutional director and, if other than the institutional director, the owner or a representative thereof.
- (c) Commission staff will review a Certification of Compliance and, upon finding that the certification demonstrates that the institution complies with all requisite standards, notify the institution of such. In the event that the Certification of Compliance fails to demonstrate that the institution complies with all requisite standards, Commission

staff shall defer the Certification of Compliance by providing written notice of the deficiencies to the institution and providing the institution two (2) opportunities to correct the deficiencies. Following the second failed attempt to correct deficiencies, Commission staff will recommend that the Executive Director take adverse action, including but not limited to assessing a fine, placing the institution on conditional authorization status or revoking authorization.

(10) Exemption Determination Request

- (a) The Exemption Determination Request may include at a minimum:
 - (1) full contact information for the requestor;
 - (2) the statutory or rule citation justifying exemption
 - (3) an argument applying the statutory or rule citation to operations of the requestor;
 - (4) documentation supporting the requested exemption such as: copies of all institutional materials; brochures; advertising; state charter or business license; or organizational ties and/or contracts with other educational providers;
 - (5) such other information or clarification deemed necessary by Commission staff.
- (b) Commission staff will review an Exemption Determination Request and, upon finding that the exemption as requested is justified by statute or rule, notify the institution of such. In the event that Commission staff requires additional information, Commission staff shall defer the Exemption Determination Request by requesting such information and providing the institution two (2) opportunities to correct the deficiencies. Following the second failed attempt to correct deficiencies, the Exemption Determination Request will be denied.

Authority: T.C.A. §§ 49-7-2005, 49-7-2006, 49-7-2007, 49-7-2008 and 49-7-2013.

1540-01-02-.08 REGULATIONS FOR SPECIFIC INSTITUTIONS AND PROGRAMS.

(1) Degree Granting Institutions:

- (a) Authorization to offer any degree in the state will require either institutional accreditation by a U.S. Department of Education recognized accreditor or authority to grant degrees by affirmative vote of the Commission.
- (b) Unaccredited institutions seeking authority to grant degrees must meet, in addition to the requirements in the Act and these rules for initial authorization, at a minimum:

1. the institution shall incorporate instructional procedures, texts, and materials appropriate to the purpose, curriculum and standards of other degree granting postsecondary educational institutions offering similar programs in the state;
 2. for undergraduate and degree granting programs and except as noted further in subparagraph (c) of this rule, twenty-five percent (25%) of the total program must be in general education courses and should be indicated separately in the curriculum presented;
 3. library resources and holdings shall contain up-to-date titles, be available and accessible to all enrolled students and commensurate with the proposed degree level;
 4. demonstration that the degree and the program has merit and value academically, professionally, or vocationally in Tennessee; and
 5. master and doctorate level degrees must demonstrate in the curriculum and outcomes increasing levels of critical, analytical, and interpretive thinking, use of primary documents or resources, and independent research skills.
- (c) Undergraduate degree programs must include at least twenty-five percent (25%) of the program in general education courses unless the institution can demonstrate program accreditation requirements which are lesser or for a unaccredited institution offering or proposing an associate degree level, demonstrate to the Commission that because of the occupational/technical nature of the program that a student would not benefit in the job from general education courses and demonstrate the need to use that twenty-five percent (25%) of the program for job skills courses.
- (d) Graduate degree programs, in addition to staffing and study time requirements in these rules, must provide experienced research staff to direct graduate research papers, provide a program of sufficient length and arrangement to facilitate student-to-student and student-to-staff exchange of ideas, provide appropriately credentialed staff in collateral areas, and provide access to a wide range of current reference materials in the subject field.
- (2) Unaccredited institutions shall not accept funds for tuition prior to ten (10) business days of the scheduled start date of the course or program.
- (3) Bartending institutions:
- (a) Pursuant to T.C.A. § 49-7-115, all schools involved in training in the areas of management, operation, procedures, or practice of dispensing alcoholic beverages or bartending shall include instruction in the problems of alcohol abuse and the effect of alcohol consumption on highway safety.

- (4) Programs leading to licensure, certification, registration or similar recognition:
 - (a) Successful completion of an examination given by a private or public third-party cannot be part of an institution's program or be a completion requirement. For example, a truck driving program cannot include successful completion of the Commercial Driver's License examination.
 - (b) Institutions offering programs in fields that require a student to take an examination in order to be licensed or similarly recognized before the student can be employed in the field shall provide as part of the Reauthorization Application student-level data as to:
 - 1. whether the student sat for the examination; and
 - 2. whether the student passed the examination.
 - (c) Institutions may request a waiver from Commission staff of subparagraph (4)(b) of this rule. Commission staff shall grant the waiver upon receipt of documentation from the institution demonstrating that the examination provider or related state agency will not provide testing data to the institution.
- (5) For programs of interest to other state agencies, such as dental programs, Commission staff will endeavor to streamline processes when a subject matter expert state agency has a law that is contrary or duplicitous of the Act or these rules.
- (6) Computer Training:
 - (a) Businesses offering specialized certifications clearly used to denote technical, professional or vocational proficiency toward an additional vocational goal or new job title must be authorized for operation of that training in the state.

Authority: T.C.A. §§ 49-7-2003, 49-7-2005, and 49-7-2008.

1540-01-02-.09 BONDS.

- (1) Institutions must, on forms provided by the Commission, secure for student indemnification purposes, from a surety company qualified and authorized to do business in Tennessee, a continuous surety bond in the amount of ten thousand dollars (\$10,000).
- (2) Institutions must provide a bond for each authorized location.
- (3) Subject to Commission staff approval, an irrevocable letter of credit secured by a certificate of deposit or a cash deposit with a bank may be accepted in lieu of the bond. Such deposits are subject to the same terms and conditions provided for in the surety bond form.

- (4) Commission staff shall provide the institution at least thirty (30) days written notice that authorization shall be made conditional, subject to revocation, by operation of law when the institution is no longer covered by a surety bond. Absent exceptional circumstances, a postsecondary educational institution shall not continue to engage in activities or operations without a surety bond for more than ninety (90) days.

Authority: T.C.A. §§ 49-7-2005 and 49-7-2013.

1540-01-02-.10 AUDITS.

- (1) Commission staff may conduct audits to ensure compliance with the Act and these rules. Audits may be performed at the institution's authorized location or by requesting that the institution forward copies of student records to Commission staff. In the case of the latter, the provided records will be retained by Commission staff as working papers but will be destroyed when the audit is closed.
- (2) Commission staff may audit an authorized institution at any time without notice to the institution. However, unless the circumstances mandate that no notice can or should be given, Commission staff should provide at least seventy-two (72) hours' notice. Notice shall be given by email to the institutional director.
- (3) Failure to comply with any audit request may be an audit finding and result in adverse action against the institution.
- (4) Commission staff will provide the institution with an audit report that lists any findings and the frequency. The report shall require the institution to propose corrective action for all findings or to show cause why the Executive Director or Commission should not take adverse action.
- (5) Tuition increases that in the opinion of the Commission are excessive, unreasonable or exceed initial disclosure to students may result in an in-depth audit of the institution's financial stability.

Authority: T.C.A. §§ 49-7-2005, 49-7-2006, and 49-7-2014.

1540-01-02-.11 INSTITUTION CATALOG.

- (1) Each institution must publish a catalog that includes at a minimum:
 - (a) the name and address of the institution;
 - (b) identifying data, such as catalog number and publication date;
 - (c) table of contents;
 - (d) names of owners and officers, including any governing boards, and faculty with credentials for position;

- (e) the institutional calendar, including holidays, enrollment periods and the beginning and ending dates of terms, courses, or programs;
- (f) the institutional enrollment procedures and entrance requirements, including late enrollment, if permitted;
- (g) the institutional attendance policy, including minimum attendance requirements, how attendance will be determined, the circumstances under which a student will be interrupted for unsatisfactory attendance, and the conditions under which a student may be readmitted;
- (h) the institutional policy covering satisfactory progress, including an explanation of any grading system used, a description of any probation policy, and a description of the institutional system for making progress reports to students;
- (i) the institutional policy regarding student conduct, including causes for dismissal and conditions for readmission;
- (j) a description of each program offered including objectives, costs, length, program components or course requirements, or in the case of correspondence instruction, the number of lessons;
- (k) a description of the placement assistance available and, if none, so state;
- (l) a description of the facilities and equipment used for educational programs;
- (m) the policy concerning credit granted for previous education, training, and experience and, if none, so state;
- (n) the refund and cancellation policy, including the procedure for determining the official date of termination, the time within which a refund will be provided, and how a refund must be requested;
- (o) a statement provided within the first four pages of the catalog which reads as follows: "The (name of institution) is authorized by the Tennessee Higher Education Commission. This authorization must be renewed each year and is based on an evaluation of minimum standards concerning quality of education, ethical business practices, and fiscal responsibility";
- (p) a description of the student grievance procedure, including
 1. the title, address, and telephone number of the institutional employee designated to receive student complaints;
 2. if applicable, the process for escalating or appealing a complaint;

3. if the institution allows for nonbinding mediation or voluntary arbitration, the catalog must describe the process in its entirety; and
 4. the address and telephone number of Commission staff along with a statement that reads: "Any person claiming damage or loss as a result of any act or practice by this institution that may be a violation of the Title 49, Chapter 7, Part 20 or Rule Chapter 1520-01-02 may file a complaint with the Tennessee Higher Education Commission, Division of Postsecondary State Authorization."
- (q) a disclosure regarding the ability to transfer credit earned to another institution, with language sufficient to describe limitations on the transfer of credit. Institutions have a responsibility to advise potential enrollees that transfer of credit is controlled by the receiving institution and that accreditation does not guarantee transferability. Suggested language is as follows:
- "(name of institution) is a special purpose institution. That purpose is (institution's mission statement). Students should be aware that transfer of credit is always the responsibility of the receiving institution. Whether or not credits transfer is solely up to the receiving institution. Any student interested in transferring credit hours should check with the receiving institution directly to determine to what extent, if any, credit hours can be transferred.";
- (r) the cash discount policy, if offered to students; and
- (s) the ATB testing policies, if any, along with the admissions policies.
- (2) Institutions may provide electronic catalogs to students as long as the institution provides the student a hard-copy upon the student's request.
 - (3) Use of supplemental pages must be done in a way as to ascertain that supplemental pages become an effective part of the catalog and must show an effective date and be presented to students prior to enrollment or payment of fees;
 - (4) Catalogs should be written at a level that allows prospective enrollees to comprehend the information and make informed decisions.

Authority: T.C.A. §§ 49-7-2002, 49-7-2005, 49-7-2006 and 49-7-2008.

1540-01-02-.12 ADMISSIONS STANDARDS.

- (1) The admissions policy for students must be based on the institution's objectives and must be publicly stated and administered as written.
- (2) An institution should not enroll a student in a program leading to licensure when the institution knows or, by the exercise of reasonable care, should know the student is or will

be ineligible to obtain licensure in the occupation for which the student is being trained. For example, an institution should not admit a student if the institution knows the student has a prior legal conviction that will prevent the student from obtaining licensure. If a student who is ineligible or likely to be ineligible for licensure desires to enroll in such a program, regardless of license eligibility, the institution may admit the student after the student submits a signed, written statement acknowledging the student is or is likely to be ineligible for licensure. The institution shall provide the student a copy of the statement and maintain the original in the student's file.

- (3) Basis of admission shall be at a minimum:
- (a) Students enrolling in a certificate or diploma program must possess a high school diploma, a high school diploma equivalency, a current Tennessee license in the field for which the training is intended, postsecondary credit in a degree program, or, subject to subparagraph (3)(d) of this rule, a passing score on an ATB test.
 - (b) Students enrolling in an associate or bachelor degree program must possess, at a minimum, a high school diploma, a high school diploma equivalency, or postsecondary credit in a degree program.
 - (c) Students enrolling in a post-baccalaureate program must possess, at a minimum, a baccalaureate degree from an institution judged to be appropriate by the Commission.
 - (d) A student may be admitted as an ATB student if the student has terminated secondary enrollment and is beyond the age of compulsory attendance. An institution may use either a standardized test formerly or currently recognized by the U.S. Department of Education or, if such a test is not applicable to the particular subject matter of the program, a test developed by the institution. In either case, the institution shall request approval from Commission staff before using the test and shall state the minimally acceptable scores and the maximum number of attempts allowable in a given period of time, for example, three(3) times in a six (6) month period. The following applies to all ability-to-benefit tests:
 - 1. Tests shall be administered in a secure environment, for example, monitors present.
 - 2. Tests shall not be administered in a manner that is inconsistent with the recommendations of the standardized test developers.
 - 3. An agent is not allowed to administer the test, nor is anyone allowed to assist the applicant in answering the questions.
- (4) Proof of the basis of admission shall be maintained in the student file in accordance with Rule .15 of these rules.

Authority: T.C.A. §§ 49-7-2005 and 49-7-2008.

1540-01-02-.13 ENROLLMENT CHECKLISTS, AGREEMENTS, AND DISCLOSURES.

- (1) Pre-Enrollment Checklist: Prior to signing an enrollment agreement, institutions shall require an institution representative and the prospective student to sign and date a pre-enrollment checklist. The document must clearly indicate that it is the pre-enrollment checklist, include the full and correct name and address of the authorized location of the institution, and, if multiple pages, be paginated using the format “__ of __ pages.” The checklist shall include, at a minimum affirmations that the student:
 - (a) toured the institution (not applicable to institutions that deliver all instruction through distance learning);
 - (b) received an institution catalog and if provided electronically understands that the student may request a hard-copy of the catalog at any time;
 - (c) was given the time and opportunity to review the institutional policies in the catalog;
 - (d) knows the length of the program for full-time and part-time students in academic terms and actual calendar time;
 - (e) has been informed of the total tuition and other fees of the program;
 - (f) has been informed of the estimated cost of books and any required equipment purchases such as a computer, specialized tools, or art supplies;
 - (g) has been given a copy of the institution refund policy;
 - (h) has executed a Transfer of Credit Disclosure Statement in compliance with T.C.A. § 49-7-144 and understands the specific limitations should the institution have articulation agreements;
 - (i) has been given the address and telephone number of Commission staff along with a statement that reads: “Any person claiming damage or loss as a result of any act or practice by this institution that is a violation of the Title 49, Chapter 7, Part 20 or Rule Chapter 1520-01-02 may file a complaint with the Tennessee Higher Education Commission, Division of Postsecondary State Authorization.”; and
 - (j) has received the most recent withdrawal, completion, and placement data as calculated by the Commission by including in the checklist:
 1. the following statement: “For the program entitled, (program name), I have been informed that, for the July (year)/June (year) period, the withdrawal rate is (percent)%, the completion rate is (percent)%, and the in-field placement rate is (percent)%. Detailed statistical data for this program may be viewed by going to /topic/authorized-institutions-data.”;

2. a chart listing all approved program names and the related percentage rates for withdrawal, completion, and in-field placement, identifying the July/June reporting period, and stating that “detailed statistical data for all approved programs may be viewed by going to <http://www.tn.gov/thec/topic/authorized-institutions-data>”; or
 3. a copy of the institution’s most recent Annual Performance Report created by Commission staff and posted on the Commission’s website.
- (k) has received and understands the institution’s cash discount policy (applicable only to those institutions that have a cash discount policy).
- (2) Enrollment Agreement: Institutions enrolling an individual in a course or program shall require an institution representative and the prospective student to sign and date an enrollment agreement prior to the student attending one (1) session of class, turning in one (1) assignment, or receiving one (1) distance learning lesson, whichever occurs first. The document must clearly indicate that it is the enrollment agreement (not an application for admissions), and, if multiple pages, the pages of the enrollment agreement shall be paginated using the format “_ of _ pages.”
- (a) The enrollment agreement shall include, at a minimum:
1. the full and correct name and address of the authorized location of the institution;
 2. the name, address, and social security number or unique student identification number of the student;
 3. the date training is to begin and program length;
 4. if students have the option to attend part-time, full-time or part-time status of the student;
 5. the projected date of completion;
 6. the program name as approved by the Commission;
 7. the total cost of the program, including itemized costs for tuition and the approximate costs for other fees;
 8. cancellation and refund policy;
 9. verification that by signing the agreement the student understands the student’s right to receive an exact signed copy of the agreement,
 10. verification that by signing the agreement the institution understands its

obligation to immediately provide the student an exact signed copy of the agreement;

11. a guarantee of tuition cost for twelve hundred (1200) contact hours or twelve (12) months from the time of enrollment; programs less than twelve hundred (1200) contact hours must have a set total tuition; and
 12. The following statement: "The (name of institution) is authorized by the Tennessee Higher Education Commission. This authorization must be renewed each year and is based on an evaluation of minimum standards concerning quality of education, ethical business practices, and fiscal responsibility."
- (b) Institutions that enroll students in individual courses may modify the pre-enrollment checklist or enrollment agreement as appropriate, but should strive to make as few modifications as necessary.
- (3) Transfer of Credit Disclosure Statement: Prior to signing an enrollment agreement and the pre-enrollment checklist, institutions shall require the student to complete a Transferability of Credit Disclosure Statement.
- (a) The written statement must be:
1. a stand-alone document containing no other disclosures;
 2. contain a space for the prospective student to initial and date; and
 3. printed in type not less than sixteen (16) point font; and
 4. contain the exact language in T.C.A. § 49-7-144(b)(2), except that institutions offering contact hours only may substitute the word contact for credit.
- (b) Institutions shall post the disclosure on its website, but the language does not have to be in at least sixteen (16) point font.

Authority: T.C.A. §§ 49-7-2005, 49-7-2006, 49-7-2008, 49-7-2019 and 49-7-144.

1540-01-02-.14 FINANCIAL STANDARDS.

- (1) The Commission and its staff may share information with the Tennessee Student Assistance Corporation and other state and federal agencies as appropriate.
- (2) The institution shall maintain financial and business practices in-line with common business procedures utilizing standard accounting practices.
- (3) The institution shall maintain and be prepared to demonstrate at any time financial resources adequate to fund and maintain the following:

- (a) facility maintenance and overhead;
 - (b) staff and faculty payroll;
 - (c) books, supplies or equipment utilized by students; and
 - (d) general operating costs.
- (4) As part of reauthorization, authorized institutions must file financial statements for the most recently completed fiscal year as follows:
- (a) Institutions with annual gross tuition revenue at the authorized location of one million dollars (\$1,000,000) or more shall submit audited financial statements prepared in accordance with the Generally Accepted Accounting Principles by an independent certified public accountant.
 - (b) Institutions with annual gross tuition revenue at the authorized location of less than one million dollars (\$1,000,000) but more than one hundred thousand dollars (\$100,000) shall submit a reviewed balance sheet and income statement prepared in accordance with the Generally Accepted Accounting Principles by an independent certified public accountant.
 - (c) Institutions with annual gross tuition revenue at the authorized location of one hundred thousand dollars (\$100,000) or less shall submit a balance sheet and income statement using forms prepared by Commission staff as long as those forms are completed by an independent certified public accountant or a bookkeeper certified by the National Association of Certified Public Bookkeepers.
 - (d) As an alternative to subparagraphs (5)(a) through (c) of this rule, institutions owned by the same parent company may submit an audited consolidated corporate financial statement. The audited consolidated statement shall be prepared in accordance with the Generally Accepted Accounting Principles by an independent certified public accountant. Commission staff or the Commission may request additional campus or institution-specific information where needed to better understand the financial stability of a single authorized location or to protect the public interest.
- (5) The following is applicable to all financial statements:
- (a) The balance sheet must reflect the owner's (proprietorship, partnership, corporation, or other) assets and liabilities.
 - (b) The institution shall report total revenue on the income statement; however, total tuition revenue must be delineated.
 - (c) Related parties must be disclosed, including, but not limited to, related party

footnotes, debt agreements with owners, and supplemental footnotes on separate campuses or branches are expected.

- (d) It should be noted whether or not tuition revenue is recognized up front or on a pro rata basis.
 - (e) Within three (3) years from initially receiving authorization, neither the ratio of total revenues to total expenditures nor the ratio of current assets to current liabilities of either the authorized location or the parent company, where applicable, shall be less than 1:1 without convincing explanation.
 - (f) An Institution shall elect during reauthorization whether it will rely on the financial statements of the authorized location or the parent company and must use the financial statements of the elected entity for at least three (3) consecutive years.
- (6) When there are questions about the institution's financial stability, the Commission may require the institution to file appropriate financial statements, which may include audited statements prepared in accordance with the Generally Accepted Accounting Principles by an independent certified public accountant, for the authorized location or the parent company.
- (7) All institutions must maintain a business account with a financial institution that is federally insured in said institution's name.

Authority: T.C.A. §§ 49-7-2005, 49-7-2006 and 49-7-2015.

1540-01-02-.15 INSTITUTION AND STUDENT RECORDS.

- (1) Institutional directors must maintain on-site a current copy file of materials filed with the Commission as part of their current authorization which includes the application, documentation of appropriate bonding, and financial reports.
- (2) Institutions shall retain for three (3) years a record of student complaints that follow the institution grievance process, including a copy of the complaint, any investigatory documents, and a statement of the matter's disposition.
- (3) Student financial records must be maintained and open for inspection and copying by Commission staff in accordance with applicable confidentiality laws.
- (4) For each student, the institution must maintain an up-to-date reconciled account statement as a separate document. The statement must:
 - (a) clearly reflect the balance due the institution or student;
 - (b) all charges and payments;
 - (c) the reason for the debit or credit, for example, student cash payment, loan payment, tuition waiver, technology fee, or tuition charged; and

- (d) all tuition charges must clearly indicate the period of enrollment for which the student is being charged, for example, if the program is a four (4) month program but the tuition charged is for one (1) month, the account statement might read "Tuition Charged for Month 1."
- (5) Institutions must maintain a file for each student enrolled in a program or course for three (3) years after the student's withdrawal from or completion of the program or course of enrollment. The file shall contain at a minimum:
- (a) the executed transferability of credit disclosure statement required by T.C.A. § 49-7-144 and Rule .13(3) of these rules;
 - (b) documentation evidencing the student's basis for admission as provided for in paragraph (6) of this rule;
 - (c) the executed pre-enrollment checklist;
 - (d) the executed enrollment agreement;
 - (e) an exhibit of the institution's enforcement of standards acceptable to the Commission related to attendance, academic satisfactory progress, and proper documentation of any leave of absence (LOA) that may affect progress; and
 - (f) written records of the previous training and education of the applicant student which clearly indicates the appropriate credit which has been given by the institution for previous training and education.
- (6) Sufficient basis of admission documentation for purposes of the student file is as follows:
- (a) If the basis of admission is successful completion of an ATB test, then the student file shall contain a copy of the scored test or a graded score sheet.
 - (b) If the basis of admission is a high school diploma or equivalency, then the student file shall contain:
 - 1. an official transcript from the high school or other government body, such as a county school board;
 - 2. an official high school equivalency transcript or GED score sheet from the appropriate issuing entity; or
 - 3. an official military document indicating that the student completed high school such as an Enlisted Record Brief.
 - (c) If the basis of admission is a Tennessee license in the field for which the training is intended, then the student file shall contain verification of current licensure from the

issuing Tennessee subject matter expert agency, such as a current screenshot from the agency's website.

- (d) If the basis of admission is postsecondary credit in a degree program, then the student file shall contain an official transcript from a postsecondary educational institution indicating that credit in a degree program was awarded to the student.
 - (e) If the basis of admission is a bachelor's degree or higher credential, the student file shall contain an official copy of the transcript from the postsecondary educational institution indicating that the student received the credential.
 - (f) If a transcript is from an institution outside the United States, documentation from a transcript translation service indicating that the education obtained is the equivalent of the applicable United States credential and, if necessary, a translated transcript.
- (7) Official documentation is a statement of the student's academic record received directly from the issuing institution or agency such as a transcript or score sheet. Paper transcripts printed on security sensitive paper that contains the issuing institution's seal or signature of an official from the institution is acceptable admission documentation. Electronic transcripts or scores sheets not printed on security sensitive paper must include indicia that the transcript or score sheet was received directly from the issuing institution or agency such as accompanying email correspondence or the envelope.
- (8) Institutions shall maintain for the life of the institution a transcript or a certificate for each student previously or currently enrolled in a program offered by the institution. Institutions may only use certificates with well-defined short term programs, such as bartending and truck driving, where there is no separation of courses by subject content. Institutions offering programs where a subject matter expert agency requires that the institution maintain a transcript must do so.
- (a) Transcripts shall be in a form that permit easy and accurate review by the student, transfer institutions, potential employers, and other state or federal agencies. The transcript shall include at a minimum the:
 1. complete name and address of the authorized location of the institution;
 2. full name of student;
 3. last four digits of the student's social security number;
 4. program name as approved by the Commission;
 5. status of student, for example, active, withdrawn, probation, leave of absence, or graduate;
 6. official date recorded for all student withdrawals and graduations;

7. beginning date or academic term with the year for each course attempted;
 8. as applicable to the type of institution, credit or contact hours attempted and earned;
 9. name of each course and, if any, the course number as listed in the institution catalog along with the corresponding grade received;
 10. indication of credits given by transfer from another institution or credit by exam;
 11. cumulative Grade Point Average (GPA);
 12. date the transcript was last updated and/or printed; and
 13. signature of an institution official.
- (b) Certificates shall be in a form that permit easy and accurate review by the student, transfer institutions, potential employers, and other state or federal agencies. The certificate shall include at a minimum the:
1. complete name and address of the institution;
 2. full name of student;
 3. program or department of enrollment;
 4. a certificate award date; and
 5. the signature of an institution official.
- (9) In lieu of hard copies of transcripts and certificates, an institution may maintain transcripts and certificates by electronic storage provided that the institution has a process for maintaining an up-to-date backup of the information in a separate system or at a different location. Commission staff must have complete and easy access to review student transcripts and certificates during site visits and audits such that the institution can print any requested records upon request.

Authority: T.C.A. §§ 49-7-2005, 49-7-2006 and 49-7-2016.

1540-01-02-.16 PERSONNEL AND INSTRUCTOR QUALIFICATIONS.

- (1) Administrative personnel and instructors shall meet all qualifications listed in this rule. Evidence of education, experience, or training, such as official transcripts, for each personnel must be maintained on-site at the authorized location. Institutions must submit a copy of this evidence at any time upon receiving a request from Commission staff.

- (2) The method of administration and procedure for staff selection must be defined in a way that each employee has specific duties and responsibilities.
- (3) Administrative personnel at an authorized institution must be graduates of an accredited college or university or have sufficient background and training in the administrator's area of responsibility. If the institution employs a director of education, that director shall possess a post-baccalaureate degree or the highest educational credential offered by the institution, whichever is higher.
- (4) Institutional Directors:
 - (a) Each institution must designate one person as the institutional director. The institutional director is responsible for ensuring that the conduct of the institution and its agents is in compliance with the Act and these rules. The institutional director shall serve as the official contact for all correspondence and business conducted between the institution and the Commission or Commission staff.
 - (b) Institutional owners must ensure that each authorized location has an institutional director at the authorized location for at least fifty percent (50%) of the operational time each week the school has students present unless other provisions have been approved by Commission staff.
 - (c) The institutional director implicitly accepts knowledge of and responsibility for compliance with the Act and these rules including, but not limited to, advertising, records, contracts, required benchmarks, annual due dates, and fee payments.
 - (d) The institutional director at an authorized institution must:
 - 1. be a graduate of an accredited college or university with at least one (1) year experience in administration or institutional management; or
 - 2. the total years of administration or institutional management experience in postsecondary education shall equal at least five (5) years.
- (5) Instructors:
 - (a) Instructional staff for all institutions must be selected at a minimum on the basis of these rules.
 - (b) Instructors in a trade related or specific skill area must have documented proficiency and practical applied experience in that trade or skill.
 - (c) An instructor must hold the appropriate license if the subject is a vocation requiring licensure.
 - (d) An instructor must be qualified by education and experience/background and must meet at a minimum the following qualifications:

1. Doctorate level courses:
 - (i) Hold a doctorate degree from a college or university judged to be appropriate by the Commission and either:
 - (I) a doctorate degree with a major or concentration in the subject area to be taught; or
 - (II) a doctorate not in the subject area but with a minimum of one (1) year of practical experience within the last five (5) years in the subject area to be taught and completion of nine (9) semester hours or twelve (12) quarter hours of doctoral level courses in the subject.
2. Masters level courses:
 - (i) Hold a masters or higher degree from a college or university judged to be appropriate by the Commission and either:
 - (I) a masters or higher degree with a major or concentration in the subject area to be taught; or
 - (II) a masters or higher degree not in the subject area but with a minimum of one (1) year of demonstrated practical experience within the last five (5) years in the subject area to be taught and completion of nine (9) semester hours or twelve (12) quarter hours in graduate level courses in the subject.
3. Baccalaureate level courses:
 - (i) Hold a baccalaureate or higher degree from a college or university judged to be appropriate by the Commission and either:
 - (I) a baccalaureate or higher degree with a major or concentration in the subject area to be taught; or
 - (II) a baccalaureate or higher degree not in the subject area but with a minimum of one (1) year of demonstrated practical experience within the last five (5) years in the subject area to be taught and completion of nine (9) semester hours or twelve (12) quarter hours in the subject. Additional years of documented experience in the subject area may be substituted for semester/quarter hour requirements.
4. Associate level courses:

- (i) Meet the minimum requirements for doctorate, masters or baccalaureate level; or
 - (ii) Hold an associate degree from a postsecondary institution judged to be appropriate by the Commission and either:
 - (I) an associate degree with a concentration in the subject to be taught and one (1) year of practical experience; or
 - (II) an associate degree not in the subject area but with a minimum of two (2) years of practical experience within the last five (5) years in the subject area to be taught and satisfactory completion in a postsecondary educational institution of nine (9) semester hours or twelve (12) quarter credit hours in the subject area to be taught. Additional years of documented experience in the subject area may be substituted for semester/quarter hour requirements.
5. Diploma and certificate level courses or programs:
- (i) Meet the minimum requirements for doctorate, masters or baccalaureate or associate level; or
 - (ii) Hold a high school diploma or GED and a certificate of completion from a postsecondary institution judged to be appropriate by the Commission in a relevant subject area and a minimum of three (3) years of practical experience within the last seven (7) years in the subject area to be taught. Additional years of documented experience in the subject area may be substituted for the postsecondary educational requirements.
6. General education courses: All general education courses must be taught by holders of baccalaureate degrees with at least twenty-five percent (25%) of the general education staff with, at minimum, earned masters degrees.
- (6) The Executive Director may approve a variance from the specific qualifications in paragraph (5) of this rule with sufficient justification and an assurance that the program quality will not be lessened. In such a situation, the institutional director must submit written justification and documentation with the School Personnel Application submission. In addition the instructor must be institutionally evaluated at the close of the first instructional period for effectiveness and quality. This evaluation shall be made available to Commission staff upon request.
- (7) Instructors shall be evaluated at least annually by students, as well as the director or chief academic/instructional officer, and the institution shall have on file at the campus evidence of such evaluations.

- (8) Agents:
- (a) An institution is responsible for any representations or misrepresentations, expressed or implied, made by the agent.
 - (b) Any student solicited or enrolled by an agent whose actions are in contravention with these rules is entitled to a refund from the institution of all moneys paid. Upon payment by the institution, the student shall release the institution from any further obligations to the student.. Any contract signed by a prospective student as a result of solicitation or enrollment by an agent shall be null and void and unenforceable at the option of the student. In cases where the institution is willing to honor the contract and the student wishes the contract enforced, it can be. However, in cases where the contract has been fully executed between the institution and the student, the student is not entitled to a refund solely because the student was improperly solicited or enrolled by an agent.
 - (c) An agent is prohibited from inappropriate activities in procuring enrollees including, but not limited to, the following:
 - 1. administering the admission test;
 - 2. advising students about financial aid other than informing the student of the general availability of financial assistance;
 - 3. giving false, misleading, or deceptive information about any aspect of the institution's operation, job placement, or salary potential;
 - 4. representing that a program has sponsorship, approval, characteristics, uses, benefits, or qualities which it does not have;
 - 5. soliciting enrollments in a program which has not been approved by the Commission; or
 - 6. otherwise acting in contravention of these rules.

Authority: T.C.A. §§ 49-7-2002, 49-7-2005, 49-7-2006, 49-7-2009 and 49-7-2011.

1540-01-02-.17 CANCELLATION AND REFUND POLICY.

- (1) All authorized institutions must comply with the laws of the local, state, and federal government concerning cancellations and refunds and must revise all policies and practices if laws are revised.
- (2) Each authorized institution shall have a fair and equitable refund policy which governs the

repayment of institution charges assessed a student when:

- (a) the student does not begin classes for the period of enrollment for which he or she was charged; or
 - (b) the student withdraws, drops out, is expelled from the institution, or otherwise fails to complete the period of enrollment for which he or she was charged.
- (3) An authorized institution may use the following refund policies:
- (a) the default refund policy contained in paragraph (4) of this rule;
 - (b) an institution policy, as long as the refund due a student pursuant to that policy is equal to or greater than the refund due according to the default refund policy; or
 - (c) a refund policy mandated as a condition for students of the institution to participate in a governmental student assistance program, such as Veterans Benefits.
- (4) The default refund policy is as follows:
- (a) If a student withdraws from the institution on or before the first day of classes, or fails to begin classes, the refund shall equal the sum of all refundable fees paid and, if the student has institutional loans, forgiveness of the amounts owed by the student for the period of enrollment for which the student was charged, less an administrative fee of one hundred dollars (\$100.00);
 - (b) A student who withdraws at any time is entitled to a full refund of any fee, regardless of whether the fee is included in tuition, paid to the institution for tangible goods or services not delivered to or fully provided to the student;
 - (c) In addition to subparagraph (4)(b) of this rule, if after classes have commenced and before expiration of ten percent (10%) of the period of enrollment for which the student was charged, a student withdraws, drops out, is expelled, or otherwise fails to attend classes, the refund shall equal seventy-five percent (75%) of all refundable fees paid and, if the student has institutional loans, forgiveness of the loan amount in excess of the twenty-five percent (25%) the student owes the institution, less administrative fee of one hundred dollars (\$100.00);
 - (d) In addition to subparagraph (4)(b) of this rule, if after expiration of ten percent (10%) of the period of enrollment for which the student was charged, and before expiration of twenty-five percent (25%) of the period, a student withdraws, drops out, is expelled, or otherwise fails to attend classes, the refund shall equal twenty-five percent (25%) of all refundable fees paid and, if the student has institutional loans, forgiveness of the loan amount in excess of the seventy-five percent (75%) the student owes the institution, less administrative fee of one hundred dollars (\$100.00); or

- (e) In addition to subparagraph (4)(b) of this rule, if after expiration of twenty-five percent (25%) of the period of enrollment for which the student was charged, a student withdraws, drops out, is expelled, or otherwise fails to attend classes, the student may be deemed obligated for one hundred percent (100%) of the tuition and other fees charged by the institution.
 - (f) For a student who cannot complete one or more classes because the institution discontinued such a class during a period of enrollment for which the student was charged, the institution shall refund the sum of all refundable fees paid and, if the student has institutional loans, forgive the amounts owed by the student.
- (5) When computing refunds pursuant to the default refund policy, the last day of attendance for a student shall be one of the following:
- (a) the date on the expulsion notice if a student is expelled from the institution;
 - (b) the date the institution receives a written notice of withdrawal from a student;
 - (c) when no written notice of withdrawal is given, the institution shall use the last day of attendance as the date of withdrawal; or
 - (d) the date the student fails to return from an approved leave of absence.
- (6) Pursuant to Rule .15(4) of these rules, the reconciled account statement must indicate the period of enrollment for which the student is being charged for each tuition charge. If the institution does not maintain the requisite account statement or the reconciled account statement does not clearly indicate the period of enrollment for which the student is being charged, the institution shall be liable for all refundable fees paid by or on behalf of the student.

Authority: T.C.A. §§ 49-7-2005, 49-7-2006, 49-7-2007, 49-7-2008, and 49-7-2013.

1540-01-02-.18 STATISTICAL DATA COLLECTIONS.

- (1) By October 15 each year or the next business day if October 15 is a state holiday or weekend day, all authorized institutions shall provide student-level statistical data on a Commission staff data form that will allow Commission staff to calculate the following statistical information by institution and program:
- (a) the enrollment count;
 - (b) demographic statistics;
 - (c) withdrawal rates;
 - (d) completion rates;

- (e) number of credentials awarded;
 - (f) categories of credentials awarded;
 - (g) placement rates;
 - (h) in-field placement rates; and
 - (i) average time to completion.
- (2) THEC shall publish the results of its calculations on its website except that withdrawal, completion, placement, and in-field placement rates shall not be reported for programs with ten (10) or fewer students.
- (3) Data shall include all students enrolled at the institution between the twelve (12) months beginning July 1 and ending June 30 of the year prior to the report.
- (4) Data form:
- (a) Commission staff will provide institutions either a blank data form or a spreadsheet that is prepopulated with continuing student data.
 - (b) At a minimum, the data form shall include:
 - 1. student's first name, middle initial, and last name;
 - 2. student's social security number or unique student identification number;
 - 3. demographic information, such as race, gender, and date of birth;
 - 4. program name;
 - 5. Commission staff assigned program code;
 - 6. date started;
 - 7. date completed or date withdrawn; and
 - 8. placed or placed in-field along with employer contact information.
- (5) All authorized Institutions shall maintain in the student's file evidence of placement sufficient for Commission staff to verify placement. Depending on the field, sufficient evidence includes a written record of an employee of the institution, correspondence from the student, or evidence from a social media site or post indicating that the student is working independently.
- (6) If annual average institutional or individual program withdrawal rates exceed twenty-five

percent (25%) or if annual average institutional or individual program in-field placement rates are less than seventy percent (70%), institutions shall explain the circumstances contributing to these rates, demonstrate how these rates are not an indicator of poor educational quality, and describe what actions the institution will take to lower the withdrawal rates and/or increase the in-field placement rates. Additionally, Commission staff may compare an institution's rates to the state average for that type of institution and/or program. Institution types are unaccredited, accredited non-degree granting, and accredited degree granting; program type is based on CIP codes and length. When an institution-level or program-level rate fails to meet the state average for two (2) consecutive years Commission staff may recommend to the Commission that adverse action be taken against the institution.

Authority: T.C.A. §§ 49-7-2005, 49-7-2006 and 49-7-2022.

1540-01-02-.19 FAIR CONSUMER PRACTICES AND COMPLAINTS.

- (1) All institutions and their representatives shall act in accordance with fair consumer practices to ensure current and prospective students that nothing is hidden and verbal and written representations by the institution are accurate, such that students can make informed decisions concerning their investment of time or money.
- (2) Fair consumer practices means honesty, fairness, and disclosure to students in areas including, but not limited to, recruitment, admissions, contractual agreements, student financial assistance, obligations to repay student loans, placement assistance, job placement rates, advertising, refund policies, the meaning and recognition of different types of accreditation, the transferability of the institution's credits to other postsecondary institutions, and competitors. Fair consumer practices require an institution to apply its policies as written.
- (3) Students should have a reasonable expectation to complete programs as printed in the institutional catalog at the time of enrollment.
- (4) Institutions may not use mandatory arbitration provisions.
- (5) Findings by Commission staff and/or ongoing complaints by current or prospective students that show a pattern of misinformation, misrepresentation, lack of disclosure, or discrepancies between verbal and written information, intimidation, or coercion may require corrective public announcements in addition to adverse action as set forth in Rule .22 of these rules.
- (6) An institution must report to Commission staff in writing within thirty (30) days any unresolved written complaint filed in a Tennessee court about the institution of which the institution is knowledgeable.
- (7) Institutions may provide a discount for cash payments provided:
 - (a) the institution has a written policy in the catalog that includes the definition of cash

- and details the qualifications for receiving and the amount of a cash discount; and
- (b) the student verifies receipt and understanding of the policy in the pre-enrollment checklist.
- (8) An institution may award a scholarship, tuition waiver, or other similar award provided:
- (a) the eligibility requirements for the offering, including terms, conditions, application procedures, due dates, basis for selection, and amount to be awarded, are clearly defined in writing;
 - (b) the institution has a form and procedure to verify eligibility; and
 - (c) the amount of the award is a flat dollar amount or subject to calculation using a defined formula or scale.
- (9) Any person claiming damage or loss as a result of any act or practice by an authorized postsecondary educational institution or its agent that is a violation of the Act or these rules, may file a verified complaint on forms provided by the Commission. Any student who files a complaint must first exhaust the grievance process at the institution. Parties to the complaint shall be the complainant and any named institution or agent thereof. The investigation and further review of written complaints will occur in accordance with the following provisions:
- (a) Complaints shall be signed and submitted through hand delivery, mail, or electronic mail as provided for in Rule .24 of these rules.
 - (b) Commission staff shall investigate all written complaints.
 - (c) Any named institution or agent will receive a copy of the complaint and be provided an opportunity to respond to all allegations contained in the complaint.
 - (d) Any named institution or agent shall provide all information requested by Commission staff as part of the investigation.
 - (e) As part of the investigation process, Commission staff may work with the complainant and the named institution or agent to effectuate a resolution.
 - (f) When resolution is not reached and if, based on all the evidence obtained through the investigation, Commission staff finds that any person, agent, group, or entity is, is about to, or has been violating the Act or these rules:
 - 1. Commission staff may recommend that the Executive Director take action as provided for in T.C.A. § 49-7-2010 and § 49-7-2017 and these rules. Parties to the complaint shall be provided an opportunity to show cause why such recommendations should not be forwarded to the Executive Director. Such opportunity shall detail the basis for the findings and provide any party ten

(10) days to respond.

2. The Executive Director shall act on a recommendation from Commission staff after the time for the show cause response has expired by providing a Notice of Decision to the parties to the complaint. Such notice shall explain the right to a hearing and review by the Commission as provided in T.C.A. § 49-7-2012. Any request for review shall be filed with the Commission within ten (10) days of the date of the Notice of Decision, otherwise the action of the Executive Director shall be deemed final and no further review available. Any request for review shall be in writing, signed, and provide a detailed explanation of each alleged error with references to specific statutes or rules. A request may be denied if it is not received in a timely manner.

(g) When resolution of the complaint is not reached and if, based on all the evidence obtained through the investigation, Commission staff makes no findings or determines that an adverse action recommendation is not justified:

1. Commission staff shall provide the parties to the complaint notice of the lack of findings or determination.
2. If, upon written notification of any action taken by Commission Staff, an aggrieved party to a complaint desires a review by the Executive Director, the party shall notify the Executive Director within ten (10) days of the date of the action of Commission staff, otherwise the action of Commission staff shall be deemed final and no further review available. Any request for review by the Executive Director shall be in writing, signed, and provide a detailed explanation of each alleged error with references to the Act or these rules. A request may be denied if it is not received in a timely manner.
3. If, upon written notification of any action taken by the Executive Director, an aggrieved party to the complaint desires a hearing and review by the Commission, pursuant to T.C.A. § 49-7-2012, the party shall notify the Commission within ten (10) days of the date of the action of the Executive Director, otherwise the action of the Executive Director shall be deemed final and no further review available. Any request for review by the Commission shall be in writing, signed, and provide a detailed explanation of each alleged error with references to the Act or these rules. A request may be denied if it is not received in a timely manner.

(h) Any party to the complaint aggrieved or adversely affected by any final commission action may obtain judicial review of the action as provided in T.C.A. § 49-7-2012,

(10) Notwithstanding the provisions of paragraph (9) of this rule, Commission staff may take appropriate action to investigate any complaint or suspected non-compliance in order to protect the public interest.

Authority: T.C.A. §§ 49-7-2005, 49-7-2006, 49-7-2007, 49-7-2008, 49-7-2011, and 49-7-2017.

1540-01-02-.20 REPRESENTATIONS, ADVERTISING, AND SOLICITATIONS.

- (1) Institutions may reference having authorization in advertising, promotional material, and on letterhead stationary using the following language: "(name of institution) is authorized for operation by the Tennessee Higher Education Commission." The entire statement must be used, have the same size font, and type of print.
- (2) Entities or individuals that own an authorized institution as well as a related business, for example, truck driver training and trucking company, must maintain clear separation in function and advertising of the business and the institution.
- (3) The Commission logo may not be used by an institution.
- (4) Institutions authorized by the Commission that have a website on, advertise through, or offer instruction via the internet must state on the institution's home page or Tennessee specific webpage: "[name of institution] is authorized for operation as a postsecondary educational institution by the Tennessee Higher Education Commission." The entire statement must be used, have the same size font, and type of print. The reference to the "Tennessee Higher Education Commission" must be a hyperlink to www.tn.gov/thec.
- (5) No statement shall be made that the institution or its courses of instruction have been accredited unless the accreditation is identified and is an accreditor recognized by the U.S. Department of Education.
- (6) No statement shall be made that the institution or its courses of instruction have been approved by a state or the federal government unless the approval can be substantiated by an appropriate certificate or letter of approval issued by the approving agency of the state or federal government.
- (7) All advertisements seeking prospective students must include and clearly indicate the full and correct name of the institution, the authorized location city, and, if out-of-state, the authorized location state.
- (8) Any promotion of the institution must primarily be based on the institution's educational programs, not student aid promotion or the number of jobs available, must not guarantee employment, and must comply with fair consumer practices as described in Rule .19 of these rules.
- (9) Other than entry level salary data available on a Tennessee or federal government website, no dollar amount will be quoted in any advertisement as representative or indicative of the earning potential of graduates without prior approval by Commission staff.
- (10) Institutions shall not use images of any kind in such a manner as to convey a false impression as to size, importance, or location of the institution, its equipment, or its facilities.

- (11) Institutions or representatives shall not make deceptive statements concerning other institutions when attempting to enroll students.
- (12) Other than referencing the most recent rates calculated by Commission staff, no institution shall use job placement percentages or statistics except by written permission of Commission staff.
- (13) If tuition loans are available at the institution, the school may advertise them only with the language "student tuition loans available" in type no larger than that used for the name of the school. This does not preclude disclosure of the institution's eligibility under the various state and federal loan programs.
- (14) Promotional materials or agent solicitation practices must not state or infer that programs are available on a free tuition basis unless the tuition and other fee amount reported to Commission staff is zero (0).
- (15) No statement shall be made by an institution that the programs or courses are transferable to another institution without a current articulation agreement or transfer of credit agreement.
- (16) Claims must not be vague. For example, "award winning" institution should include the full name of the award in advertisement; specify year of any such attainment, and the source of the award.
- (17) No institution may publicize, promote or imply an accreditation that is not recognized by the U.S. Department of Education.
- (18) If an institution represents that it has an educational certification from any entity, other than those given by other Tennessee agencies, the institution must produce at the request of Commission staff proof of such certification.

Authority: T.C.A. §§ 49-7-2005, 49-7-2006, 49-7-2007, 49-7-2008 and 49-7-2013.

1540-01-02-.21 AUTHORIZATION STATUS.

- (1) Regular Authorization:
 - (a) Provisional authorization shall become regular authorization following review and ratification of the Commission.
- (2) Conditional Authorization or Registration:
 - (a) Conditional authorization or registration is authorization or program registration, but with conditions, such as reporting requirements, performance standard requirements, securing new or additional bonds, a limited period of time to operate such as during change of ownership, or for the purpose of teaching out existing students. Institutions with conditional authorization or registration may also be

required to suspend or cease any part of institutional activity, such as enrolling students, advertising, or conducting specific classes or programs. Such suspension or cessation shall remain in effect until activities precipitating the condition are corrected and Commission staff has completed all related reviews and investigations. Conditional authorization or registration may be issued when deemed necessary to protect the public interest.

- (b) An institution may request conditional authorization, including, but not limited to, suspension of the operation, rather than expose the institution to adverse action, for situations such as unexpected loss of lease, extended inactivity, or reorganization.
 - (c) Nothing in this section shall be construed to absolve institutions of their educational and financial obligations to currently enrolled students.
- (3) Revocation of Authorization or Program Registration:
- (a) Revocation of authorization or program registration is the immediate and complete withdrawal of the institution's authorization or program registration to enroll, advertise, or operate a postsecondary educational institution in the state.
 - (b) Possible grounds for immediate revocation of authorization or program registration include but are not limited to:
 1. loss of right to use the authorized location without immediate notification to the Commission;
 2. instances where a principal party or owner has been or is involved with a postsecondary educational institution that ceased or ceases operation resulting in a loss of time or money for enrollees, that had or has its institutional authorization in a state revoked or had or has a felony conviction involving moral turpitude, fraud or a capital crime;
 3. a pattern of deceptive practices;
 4. failure to correct any situation that resulted in conditional authorization or program registration within a reasonable time period to be determined by the Executive Director;
 5. disregard for any specific directive issued by the Commission, the Executive Director, or Commission staff;
 6. failure to pay assessed fines;
 7. closing an institution without proper notification to the Commission; and
 8. failure to submit a Certification of Compliance by the required due date or a

Reauthorization Application by the authorization term expiration.

- (c) Revocation of authorization or program registration shall not relieve an institution of complete compliance with the requirements in these rules applicable to an institution closing, including, but not limited to, refunds to students, arranging instructional teachouts, and securing the disposition of student records.

Authority: T.C.A. §§ 49-7-2004, 49-7-2005, 49-7-2008 and 49-7-2010.

1540-01-02-.22 CAUSES FOR ADVERSE ACTION.

- (1) The Commission or Executive Director in the interest of the public welfare, consumer protection and statutory responsibility may assess fines of five hundred dollars (\$500) per day per violation or revoke or make conditional the authorization of an institution or its program registrations under the process as given in subparagraph .02(2)(e) of these rules for reasons including, but not limited to:
 - (a) disregard of provisions of the Act and/or these rules;
 - (b) willful violation of any commitment made in an application for authorization or reauthorization;
 - (c) presenting to the general public or students or prospective students information that violates Fair Consumer Practices as outlined in these rules;
 - (d) advertising, recruiting, or operating a group of classes or a program that has not been approved by the Commission;
 - (e) failure to provide or maintain premises or equipment in a safe and sanitary condition as required by laws, regulations, or ordinances applicable at the authorized location of the institution;
 - (f) failure to provide and maintain adequate faculty and/or staff;
 - (g) failure to maintain financial resources adequate for the satisfactory conduct of the courses of instruction offered;
 - (h) operating a postsecondary educational institution at a location that has not been authorized by the Commission;
 - (i) failure to correct findings resulting from a site visit or audit;
 - (j) a pattern of coercion, threats, or intimidation by institutional personnel to students or other school personnel;
 - (k) failure to advise the Commission about significant factors, such as:

1. financial difficulties affecting program consistent with the objectives of the course or program of study., including, but not limited to, when applicable, receipt of Title IV funds;
 2. significant staff changes in a short period of time;
 3. change of ownership;
 4. outcomes of audits by other government agencies;
 5. any factor or clearly developing factor that could alter the basis for authorization;
 6. loss or lowering of accreditation status; and
 7. legal action against the Tennessee authorized school; and
- (l) activities described in Rule .21 of these rules.
- (2) Repeated and/or consistent violations of the Act or these rules, particularly in the same areas such as advertising, fair consumer practices or operational standards may be grounds for conditional or revocation of authorization in addition to fines.
 - (3) Institutions that advertise in formats that will be in the public domain for long periods and where such advertising cannot be rewritten or retracted may be fined in accordance with the Act and these rules for each day, week, or month the advertisement is in active circulation.
 - (4) Commission staff at any time may require that an institution furnish proof to the Commission of any of its advertising claims. If proof acceptable to Commission staff cannot be furnished, Commission staff may recommend to the Executive Director that the institution publish a retraction of such advertising claims in the same manner as the claims themselves. Continuation of such advertising shall constitute cause for further adverse action.
 - (5) Any action by the Commission or Executive Director under this rule shall be subject to review as provided in T.C.A. § 49-7- 2012. All Commission actions are subject to due process provisions of the Uniform Administrative Procedures Act.

Authority: T.C.A. §§ 49-7-2005 and 49-7-2010.

1540-01-02-.23 INSTITUTION CLOSURE.

- (1) When an authorized postsecondary educational institution proposes to discontinue its activities or operation, such institution shall notify Commission staff within seventy-two (72) hours of that decision.

- (2) Commission staff will provide the institution a list of items that must be provided to Commission staff to close the institution in good-standing and a due date by which to provide the items. The list may include:
 - (a) anticipated date to terminate teaching activity;
 - (b) ending date of present term;
 - (c) a listing by name of all students in all programs. Such list shall include student's social security number, unique student identification number, address, phone number, program of enrollment, and estimated completion dates;
 - (d) the status of all current refunds due or the amount of unearned tuition paid by each student and for which the school is obligated;
 - (e) a verified agreement with one or more local institutions able to provide sound education to all students in all programs;
 - (f) disposition and servicing of all academic records as required by T.C.A. §49-7-2016;
 - (g) a request for conditional authorization where required;
 - (h) updated statistical data;
 - (i) official transcripts and certificates; and
 - (j) demonstration that current educational obligations by the institution will be met on behalf of the presently enrolled students.
- (3) An institution that ceases operations shall maintain sufficient and qualified faculty, staff, and equipment to teach all subjects to all currently enrolled students, regardless of the size of the class, until such time as the institution closes.
- (4) Should the institution fail to make arrangements satisfactory to the Executive Director for the completion of the programs in which the currently enrolled students are enrolled and/or for the reimbursement of unearned tuition and fees, the institution shall be subject to fines.
- (5) Institutions that close without proper notification to the Commission or that fail to comply with closure obligations given in this rule may be deemed retroactively by the Executive Director to have had the institutional authorization officially revoked. Such a revocation status shall be maintained as part of the Commission closure file on that institution and any individuals directly involved, including, but not limited to, the director, owners, and/or the board chair.
- (6) Student Completion of Education ("Teachouts"):

- (a) The Executive Director may approve other authorized or exempt institutions to teachout students who were currently enrolled in an institution which ceases operation. An approved teachout institution shall:
 - 1. offer the course of study or similar course of study as those offered at the closed institution;
 - 2. be in the same geographic area as that in which the closed institution existed or provide necessary transportation expenses;
 - 3. provide the student the opportunity to complete the program at no cost in excess of that for which the student originally contracted at the closed institution;
 - 4. accept any and all credits earned at the closed institution; and
 - 5. not reduce total course hours required for the student to complete.
 - (b) If the closed or closing institution fails to provide an acceptable plan to the executive director, Commission staff may work toward effecting teachout arrangements or transfer agreements with other authorized institutions.
 - (c) Teachout plans may involve other institutions or be carried out by the terminating institution as circumstances may dictate.
- (7) As an alternative to the deposit of records with the Commission, the institution may propose a plan for permanent retention of the records for consideration by Commission Staff.

Authority: T.C.A. §§ 49-7-2002, 49-7-2005 and 49-7-2016.

1540-01-02-.24 FILING METHODS AND REQUIREMENTS.

- (1) Unless otherwise provided in an application, all filings must be received via hand delivery, mail, electronic mail, or facsimile. Current addresses and fax numbers will be posted on the THEC webpage.
- (2) As to any filing requiring the payment of a fee, the fee must be submitted along with the filing or else the filing will be considered incomplete pursuant to Rule .07(1)(b) of these rules.
- (3) Filings shall be received at DPSA on the due date. Items postmarked on the due date but not received at DPSA will be deemed late-filed and, if applicable, may be deferred pursuant to Rule 07(1)(a) of these rules.

Authority: T.C.A. §§ 49-7-2005.

1540-01-02-.25 FEES.

- (1) All fees collected pursuant to the provisions of the Act shall be deposited in the state treasury as a special agency account to administer the provisions of the Act.
- (2) Annual fees shall be paid with the Reauthorization Application and Certification of Compliance as follows:
 - (a) Annual Fee:
 - 1. a fee of five hundred dollars (\$500) if enrollment is zero (0) to three hundred (300) students;
 - 2. a fee of one thousand five hundred dollars (\$1,500) if enrollment is three hundred and one (301) to six hundred (600) students; and
 - 3. a fee of three thousand five hundred dollars (\$3,500) if enrollment is six hundred and one (601) or more students.
 - (b) Application or Certification Deadline Extension Fee\$500
 - (c) Late Application or Certification Fee\$500
- (3) The following fees apply to the filing of applications and other services:
 - (a) Initial Authorization Application..... \$3,000
 - (b) Program Registration Request\$500
 - (c) Authority for Unaccredited Institutions to Grant Degrees\$1000
(paid in addition to the Program Registration Request fee)
 - (d) Credential Level Elevation for Authorized Institutions \$2,000
(paid in addition to the Program Registration Request fee)
 - (e) Institution Name Change Application.....\$500
 - (f) Change of Location Application\$500
 - (g) Fines (assesses at a maximum of per day, per violation)\$500
 - (h) Exemption Determination Request\$100
 - (i) Closed Institution Transcript Request\$10
 - (j) Convenience Charge for Electronic Payments amount charged by vendor

Authority: T.C.A. §§ 49-7-2005, 49-7-2014 and 49-7-2017.

1540-01-02-.26 REFUND OF REGULATORY FEES.

- (1) At the request of an institution a refund will be made as follows:
 - (a) If an institution withdraws a pending application within three (3) working days from receipt or prior to the start of Commission staff's review, then all fees assessed shall be refunded.
 - (b) If an institution withdraws a pending application more than three (3) working days from receipt and once Commission staff review begins, the Commission may retain fifty percent (50%) of the assessed fees.
 - (c) Once Commission staff's review of a pending application is complete or a site visit has been conducted, the Commission may retain one hundred percent (100%) of the assessed fees.
 - (d) Institutions that fail to complete the application process described in Rule.07(1)(b) of these rules shall forfeit all fees paid.
 - (e) Any other fee collected is nonrefundable once Commission staff has performed the associated review or work related to that fee.

Authority: T.C.A. §§ 49-7-2005 and 49-7-2014.

Amendment

**CHAPTER 1540-01-10
REGULATION OF POSTSECONDARY EDUCATIONAL INSTITUTIONS WITH OPTIONAL EXPEDITED
AUTHORIZATION (OEA)**

1540-01-10-.01 INCORPORATION OF RULES.

- (1) Rules 1540-01-02-.01, .02, .04, .18 and .26 shall be incorporated into this Rule Chapter as if fully written herein.

Authority: T.C.A. §§ 49-7-2005, and 49-7-2022.

1540-01-10-.02 DEFINITIONS.

- (1) "Accreditation" is a non-governmental, peer evaluation of educational institutions and programs. Private educational associations of regional and national scope that have adopted criteria for educational programs and have developed procedures for evaluating institutions or programs. These criteria determine whether or not institutions or programs are operating at basic levels of quality. The Commission only recognizes accrediting agencies that are

recognized by the U.S. Department of Education.

- (2) "Act" means the Tennessee Higher Education Authorization Act of 2016, T.C.A. §§ 49-7-2001, et seq., as amended.
- (3) "Articulation and transfer of credit agreement" means an arrangement between two (2) higher education institutions that is approved and signed by authorized institutional representatives and constructed by faculty in the discipline that (1) equates for transfer of a defined set or block of academic credits that will meet requirements of a specified program at a degree-awarding institution or (2) provides that a specific credential from one institution will meet the admission education requirement for a program leading to a higher credential at a second institution.
- (4) "Authorization" means approval of a postsecondary educational institution by the Commission for the institution to engage in activities or operations otherwise prohibited by T.C.A. § 49-7-2007. Authorization is for a specified time at a specified location. Institutions shall not use authorization to connote greater approval than simple permission to engage in allowed activities or operations. Terms which may not be used include, but are not limited to, "accredited by," "supervised by," "endorsed by," and "recommended by the Commission."
- (5) "Commission" means the Tennessee Higher Education Commission.
- (6) "Division of Postsecondary State Authorization" or "DPSA" means the division within the Tennessee Higher Education Commission tasked with overseeing the implementation and enforcement of the Act and these rules.
- (7) "Federal student financial aid programs" means any of the various loans or grants offered to students, parents, or institutions through Title IV of the Higher Education Opportunity Act, as amended.
- (8) "License" or "Licensure" includes similar terms, such as registration and certification, and means a designation from a subject matter expert state agency, board, or commission indicating that the recipient has met certain requirements for obtaining the designation, for example, a licensed massage therapist or educator.
- (9) "Location" means an address that may be used for purposes of a postsecondary educational institution in compliance with all pertinent ordinances and laws, including any rules and regulations adopted pursuant to the ordinances and laws, relative to zoning and the safety and health of persons at the address. When physical presence activities or operations are not the result of instruction at a postsecondary educational institution location as determined by the Commission staff, such as supervised field experiences or similar activities or operations, then the postsecondary educational institution location from which the educational credential is awarded must be the authorized location.
- (10) "Optional expedited authorization" or "OEA" means the alternative optional authorization available pursuant to T.C.A. § 49-7-2022 and these rules to certain accredited postsecondary educational institutions.

- (11) "Other fees" means fees, other than tuition, paid to the institution or third parties for products or services, including, but not limited to, fees paid for tangible goods, laboratory fees, technology fees, student activity fees, graduation fees, or fees paid for housing, meals, or transportation.
- (12) "Ownership" and "Owner" mean:
 - (a) the individual, if the postsecondary educational institution is a sole proprietorship;
 - (b) all partners, whether full, silent, or limited, if the postsecondary educational institution is a partnership;
 - (c) all individuals and entities with an interest in the for-profit corporation or other for-profit legal entity, if the postsecondary educational institution is a for-profit corporation or other for-profit legal entity; or
 - (d) the executive committee of the governing board, if the postsecondary educational institution is a not-for-profit or nonprofit entity.
- (13) "Postsecondary educational institution" includes, but is not limited to, a school, college, university, or other type of entity offering educational credentials, instruction, educational services, or other activities as described in T.C.A. § 49-7-2007, primarily to persons who have completed or terminated their secondary education, or who are beyond the age of compulsory high school attendance, for the attainment of educational, professional, or vocational objectives.
- (14) "These rules" means all rules contained in Rule Chapter 1540-01-10.
- (15) "Tuition" means any fee involving the student, actually charged or tracked as a bookkeeping item for instruction provided.

Authority: T.C.A. §§ 49-7-2005, and 49-7-2022.

1540-01-10-.03 ELIGIBILITY AND APPLICATION REQUIREMENTS.

- (1) In order to receive OEA, a postsecondary educational institution must submit a signed OEA Application demonstrating that the institution meets the following eligibility requirements:
 - (a) Be accredited by an accrediting agency recognized by the U.S. Department of Education; and
 - (b) Provide the following information and documentation:
 - 1. evidence of institutional accreditation from an institutional accrediting agency recognized by the U.S. Department of Education indicating that the location for which authorization is being sought is accredited or properly

- recognized by the accreditor;
2. documentation evidencing an established, clearly articulated, and comprehensive process for the resolution of student complaints. In order to be a comprehensive process, the process must contain:
 - (i) a detailed explanation as to how a student escalates a grievance to the highest level at the authorized institution location;
 - (ii) an opportunity for all persons involved in the complaint to be heard at any final step at the institutional location level, including, but not limited to, an appeal;
 - (iii) an explanation as to how the institution will notify students that complaints not resolved at the institutional location level may be filed with the Commission; and
 - (iv) an explanation as to how students will be notified of the institution's comprehensive process;
 3. documentation evidencing that the institution is authorized or exempt from authorization in the state where it is primarily located, if the institution is not authorized in Tennessee;
 4. documentation, if deemed necessary, evidencing that the institution meets and maintains financial standards and institutional stability acceptable by the accreditor for the purpose of maintaining accreditation or the United States department of education for the purpose of being a Title IV eligible institution;
 5. a comprehensive list or verification of all programs offered at the institution along with, when applicable, documentation evidencing receipt of all requisite program approvals from subject matter expert state licensing agencies, boards, or commissions. Evidence shall be provided for any program designed to train a student for employment in a field where a license is required in order to be employed in that field. The evidence shall clearly demonstrate that the state agency, board, or commission has determined that the program meets the educational requirements necessary to receive a license or sit for a required exam. The comprehensive list or verification shall include, at a minimum, the following information:
 - (i) program name;
 - (ii) DPSA assigned program code;
 - (iii) credential awarded;

- (iv) credit hours or contact hours to be awarded;
 - (v) length of time expected to complete the program;
 - (vi) cost of program tuition;
 - (vii) cost of other fees;
 - (viii) program status;
 - (ix) a Classification of Instructional Programs (CIP) code;
 - (x) whether programmatic accreditation is required for the program and the name of the accreditor that has reviewed and accredited the program; and
6. the website addresses to the most current version of the following information. The address should provide a reasonable person easy access to this information;
- (i) Costs of attendance;
 - (ii) Information on whether academic credits attained are transferable to other institutions operating in Tennessee;
 - (iii) Executed articulation and transfer of credit agreements with other institutions operating in Tennessee, if applicable; and
 - (iv) Federal student cohort default rates.
7. a report of any illegal or unethical conduct by employees, agents, contractors, or third-party service providers related to the delivery of educational programs and services to students with any corrective action and remedies taken by the institution;
8. a description of the ownership of the institution and when applicable, a corporate flowchart showing the institution's position in relationship to all affiliated corporate entities;
9. the most recently calculated three-year (3) official cohort default rate from the Office of Federal Student Aid of the U.S. Department of Education;
10. affirmation of the requirement to submit statistical data as described in Rule 1540-01-02-.18; and

11. a continuous institutional surety bond on the prescribed form.
 - (c) OEA will be granted for four (4) years, unless otherwise determined by the Executive Director or the Commission. Institutions with a four (4) year authorization term shall submit Certifications of Compliance as provided for in these rules in years one (1), two (2), and three (3) and an OEA Application as provided for in these rules in year four (4).
 - (d) Commission staff will review an OEA Application to determine whether the application demonstrates that the institution complies with all requisite standards. Upon such a finding and in the case of an initial application, Commission staff will recommend that the Executive Director grant the institution provisional initial authorization. Provisional initial authorization shall list any limitations as to time, procedures, functions, or other conditions as deemed necessary and be subject to review and ratification by the Commission. After ratification, the provisional designation will be removed.
 - (e) In the event that an OEA Application fails to demonstrate that the institution complies with all requisite standards, Commission staff shall provide written notice of the deficiencies to the applicant and provide applicant two (2) opportunities to correct the deficiencies. Following the second failed attempt to correct deficiencies, the application may be denied or Commission staff will recommend that the Executive Director take adverse action, including but not limited to placing the institution on conditional authorization status or revoking authorization.
- (2) Certification of Compliance
- (a) Annually during the authorization term, institutions with optional expedited authorization shall file a Certification of Compliance by a due date to be established by Commission staff and posted on the Commission's website.
 - (b) The Certification of Compliance shall require at a minimum that the institution self-certify that it is engaged in activities and operations in compliance with the Act and these rules, the institution provide an updated comprehensive program list, and the certification be signed by the institutional director and, if other than the institutional director, the owner or a representative thereof.
 - (c) Commission staff will review a Certification of Compliance and, upon finding that the certification demonstrates that the institution complies with all requisite standards, notify the institution of such. In the event that the Certification of Compliance fails to demonstrate that the institution complies with all requisite standards, Commission staff shall defer the Certification of Compliance by providing written notice of the deficiencies to the institution and providing the institution two (2) opportunities to correct the deficiencies. Following the second failed attempt to correct deficiencies, Commission staff may recommend that the Executive Director take adverse action, including but not limited to assessing a fine, placing the institution on conditional authorization status, or revoking authorization.

- (3) Change of Ownership Application:
- (a) Authorization must be issued to the owner or governing body of the applicant institution and is nontransferable.
 - (b) A change of ownership occurs when a transaction results in the controlling interest in the postsecondary educational institution changing from an authorized owner to an unauthorized owner. In the event of a change of ownership, the new owner must submit to Commission staff within five (5) business days after the change in ownership is finalized:
 - 1. a Change of Ownership Application and
 - 2. a request that the Executive Director grant the new owner conditional authorization until the new owner obtains provisional initial authorization.
 - (c) The new owner shall submit an Initial Authorization Application as provided for in Rule Chapter 1540-01-02 or an Optional Expedited Authorization Application thirty (30) days after the notice of conditional authorization.
 - (d) The Change of Ownership Application shall require that the new owner provide the sales contract, bill of sale, deed, or other documents necessary to transfer ownership of the institution.
 - (e) Commission staff will review a Change of Ownership Application and, upon finding that the application demonstrates that the institution complies with all requisite standards, grant the change of ownership and recommend that the Executive Director grant conditional authorization. In the event that the Change of Ownership Application fails to demonstrate that the institution complies with all requisite standards, Commission staff shall defer the application by providing written notice of the deficiencies to the applicant and providing applicant two (2) opportunities to correct the deficiencies. Following the second failed attempt to correct deficiencies, the application will be denied and the closure process described in Rule .23(b) of these rules will commence.

Authority: T.C.A. §§ 49-7-2005, and 49-7-2022.

1540-01-10-.04 REQUIRED NOTIFICATIONS TO COMMISSION STAFF.

- (1) OEA institutions shall notify Commission staff, within five (5) business days, of the following:
 - (a) action by an accrediting agency in regard to the institution's accreditation status, such as revocation, suspension, probation, warning, or similar action;
 - (b) notice of legal action involving the institution, or its parent entity if applicable, and Tennessee students, related to the delivery of educational programming or student

consumer practices, including, but not limited to, class action lawsuits;

- (c) utilization by the institution of a letter of credit or a cash management agreement with the U.S. Department of Education;
 - (d) public announcement of investigation by any governmental agency. The institution shall notify Commission staff whether the investigation is related to the institution's academic quality, financial stability, or student or consumer practices;
 - (e) change of ownership; or
 - (f) change of institutional director.
- (2) Institutions shall submit a New Program Notification Form when the institution offers a new program. Once processed, Commission staff will issue the institution a program code for use when submitting statistical data.
 - (3) At the request of Commission staff, the Executive Director, or the Commission, OEA institutions shall provide any information deemed necessary to monitor the institution's eligibility for OEA.

Authority: T.C.A. §§ 49-7-2005, and 49-7-2022.

1540-01-10-.05 DENIAL OR WITHDRAWAL OF AN APPLICATION OR CERTIFICATION COMPLIANCE.

- (1) When an application or certification is before Commission staff for consideration, Commission staff will provide the applicant written notice of its final determination. If, upon written notification of any action taken by Commission Staff, an aggrieved applicant desires a review by the Executive Director, the applicant shall notify the Executive Director within ten (10) days of the date of the action of the Executive Director, otherwise the action of Commission staff shall be deemed final and no further review available. Any request for review by the Executive Director shall be in writing, signed, and provide a detailed explanation of each alleged error with references to the Act or these rules. A request may be denied if it is not received in a timely manner.
- (2) If, upon written notification of any action taken by the Executive Director, an aggrieved applicant desires a hearing and review by the Commission, pursuant to T.C.A. § 49-7-2012, the applicant shall notify the Commission within ten (10) days of the date of the action of the Executive Director, otherwise the action of the Executive Director shall be deemed final and no further review available. Any request for review by the Commission shall be in writing, signed, and provide a detailed explanation of each alleged error with references to the Act or these rules. A request may be denied if it is not received in a timely manner.
- (3) Any person, agent, group or entity aggrieved or adversely affected by any final commission action may obtain judicial review of the action as provided in T.C.A. § 49-7-2012.

Authority: T.C.A. §§ 49-7-2005, and 49-7-2022.

1540-01-10-.06 CONDITIONAL STATUS OF OR REVOCATION OF OEA STATUS.

- (1) OEA may be made conditional or revoked for just cause or as otherwise noted in T.C.A. § 49-7-2022. Revocation can occur as a result of:
 - (a) a vote of the Commission on its own motion or
 - (b) a determination of the Executive Director pursuant to Rule 1540-01-02-.02(e).
- (2) Just cause includes activities where the institution acted contrary to the public interest, exhibits questionable financial strength, or is not operating educational programs with acceptable outcomes and includes, but is not limited to:
 - (a) Loss or failure to meet any of the listed criteria for eligibility in Rule .03(1) of these rules;
 - (b) Failure to fulfill the requirements in Rule .03 of these rules;
 - (c) A finding resulting from a signed student complaint that:
 1. the institution did not follow its policies as presented to the student; or
 2. the institution hid a fact or made a verbal or written inaccurate representation to the student that affected the student's ability to make an appropriate decision concerning the student's investment of time and money.
 - (d) Having an institution-level or program-level withdrawal, completion, placement, or in-field placement rate that is less than the state average rate for other OEA institutions or a program type for more than two (2) consecutive years;
 - (e) Providing false or misleading statistical data;
 - (f) Failure to comply with the requirements of the tuition guaranty fund under § 49-7-2018 and the related rules;
 - (g) A three-year federal financial aid cohort default rate as calculated by the U.S. Department of Education of thirty percent (30%) or higher for three (3) consecutive years or over forty percent (40%) for any single year; or
 - (h) Allowing OEA to expire without timely filing an OEA Application, Certification of Compliance, or Initial Authorization Application.
- (3) Upon revocation of any institution's OEA, the following shall occur:
 - (a) The institution shall immediately be subject to all provisions of the Act and Rule

Chapter 1540-01-02.

- (b) The institution shall apply for Commission authorization under T.C.A. § 49-7-2008 and Rule Chapter 1540-01-02 thirty (30) days after the notice of revocation.
 - (c) The Executive Director may grant the institution conditional authorization to continue its operation as a non-OEA institution. Such conditional authorization shall not be for more than six (6) months. Failure to fulfill all conditions of authorization within six (6) months may lead to revocation of authorization.
 - (d) Any institution whose OEA is revoked by the Commission shall be ineligible to reapply until the Commission determines that all bases for revocation have been resolved.
- (4) Notwithstanding paragraphs (1) through (3) of this rule, no immediate action should be taken to revoke an institution's OEA when the institution's accreditor is removed from the U.S. Department of Education's list of recognized accreditors. The Executive Director shall set a time period in which institutions may continue to operate under OEA, assuming all other OEA requirements are met. The time period should coincide with the provisional time period set by the U.S. Department of Education for affected institutions to seek a new accreditor.
- (5) Any action by the Commission or Executive Director under this rule shall be subject to review as provided in T.C.A. § 49-7- 2012. All Commission actions are subject to due process provisions of the Uniform Administrative Procedures Act

Authority: T.C.A. §§ 49-7-2005, and 49-7-2022.

1540-01-10-.07 COMPLAINTS.

- (1) Commission staff shall investigate any signed student complaint involving an OEA institution after verifying that the student has exhausted the institution complaint process.
- (2) Commission staff's investigation shall determine:
 - (a) whether the institution followed its policies as represented to the student; and
 - (b) whether the institution failed to disclose a fact or made a verbal or written inaccurate representation to the student that affected the student's ability to make an appropriate decision concerning the student's investment of time and money.
- (3) When determining whether a finding is appropriate, Commission staff shall take into consideration any reasonable offers the institution made to resolve the student's complaint at the institutional level.
- (4) The investigation will proceed as follows:
 - (a) Complaints shall be signed and submitted through hand delivery, mail, or electronic

mail as provided for in Rule .08 of these rules.

- (b) Any named institution will receive a copy of the complaint and be provided an opportunity to respond to all allegations contained in the complaint.
- (c) Any named institution shall provide all information requested by Commission staff as part of the investigation.
- (d) As part of the investigation process, Commission staff may work with the complainant and the named institution to effectuate a settlement.
- (e) If there are no findings, the complaint will be closed and the written determination shall include a date by which an aggrieved party may submit a request for further review by the Executive Director as provided for in Rule 1540-01-02-.19(9). Such date be ten (10) days after the date of the written determinations. If no request for review is received, the complaint will be closed.
- (f) If there are findings and proposed recommendations, the following process will be used:
 - 1. Commission staff shall provide in the written determinations and proposed recommendations a date by which either party may respond to the findings or recommendations. Such date shall not be earlier than ten (10) business days after the date of the written determinations.
 - 2. Following review of the responses, if any, Commission staff may:
 - (i) determine that the complaint is closed by providing written notice to the parties. The written notice shall include a date by which an aggrieved party may submit a request for further review by the Executive Director as provided for in Rule 1540-01-02-.19(9).; or
 - (ii) recommend that the Executive Director take some action that is within the scope of the proposed recommendations. Any decision of the Executive Director to take action will be provided to the parties by letter and shall include a date by which an aggrieved party may submit a request for further review by the Commission as provided for in Rule 1540-01-02-.19(9).
 - (iii) Any party to the complaint aggrieved or adversely affected by any final commission action may obtain judicial review of the action as provided in T.C.A. § 49-7-2012.
- (g) Any request for review shall be in writing, signed, and provide a detailed explanation of each alleged error with references to specific statutes or rules. Requests for review shall be received through hand delivery, mail, electronic mail or facsimile. A request may be denied if it is not received in a timely manner.

Authority: T.C.A. §§ 49-7-2005, and 49-7-2022.

1540-01-10-.08 FILING METHODS AND REQUIREMENTS.

- (1) Due dates, deferrals, and withdrawals:
 - (a) For purposes of these rules, application refers to any application or certification.
 - (b) When a due date is provided by Commission staff, a complete application in the prescribed format shall be received at the Commission by the close of business on the due date. Applications received after the due date will be deemed late and will be reviewed after all timely filed applications or certifications are reviewed. For purposes of these rules, applications refer to any applications or certifications.
 - (c) Initial OEA Applications shall be filed in the prescribed format and may be filed at any time. All other OEA Applications shall be filed as provided for in these rules. Applications and certifications will be reviewed when complete. When received, Commission staff shall determine whether an application is complete and notify the applicant if the application is incomplete. An applicant will have thirty (30) days to complete an incomplete application. Incomplete applications or certifications include applications or certifications submitted without all applicable fees or an attachment. An application that is not completed by the prescribed due date will be withdrawn.
 - (d) Denial or withdrawal of an application does not prevent the applicant from submitting a new application.
- (2) Unless otherwise provided in an application, all filings must be received via hand delivery, mail, electronic mail, or facsimile. Current addresses and fax numbers will be posted on the THEC webpage.

Authority: T.C.A. §§ 49-7-2005, and 49-7-2022.

1540-01-10-.09 FEES.

- (1) An institution shall pay a fee of nine thousand dollars (\$9,000) to the Commission when filing an Optional Expedited Authorization Application or Certification of Compliance.

Authority: T.C.A. §§ 49-7-2005, and 49-7-2022.

PROPOSED EMERGENCY RULES – REDLINED VERSION

Amendment

CHAPTER 1540-01-02 AUTHORIZATION AND REGULATION OF POSTSECONDARY EDUCATION INSTITUTIONS AND THEIR AGENTS

1540-01-02-.01 PREFACE.

- (1) The Commission invites continuous, constructive cooperation with institutions, civic organizations, governmental agencies, Better Business Bureaus, students and others to ensure the enforcement and improvement of these standards for better service to all consumers and will work to implement these rules as staffing allows. The observance of these rules is the responsibility of each institution for the inherent advantage to each institution and for the common good of all institutions.
- (2) These rules are complementary to the Tennessee Higher Education Authorization Act of 2016 at Title 49, Chapter 7, Part 20. Institutions and agents must comply with the current language of the Act and these rules.

Authority: T.C.A. §§ 49-7-2002 and 49-7-2005.

1540-01-02-.02 ROLE OF THE COMMISSION, EXECUTIVE DIRECTOR, ~~COMMITTEE~~, AND COMMISSION STAFF.

- (1) Role of the Tennessee Higher Education Commission (THEC or Commission):
 - (a) The Commission at each quarterly meeting shall consider recommendations from the ~~Committee on Postsecondary Educational Institutions and the Division of Postsecondary State Authorization~~ Executive Director and Commission staff regarding authorizations, ~~program approvals~~, and any other matter at the request of the Commission's Executive Director.
- (2) Role of the Tennessee Higher Education Commission Executive Director:
 - (a) The Executive Director is empowered to take any urgent action in furtherance of the Act during the periods between Commission meetings, provided that:
 1. the Executive Director gives written notice of such action to the affected party;
 2. the Executive Director notifies the affected party that they may notify the Commission within ten (10) business days if the aggrieved party desires a hearing and review by the Commission, and that otherwise the action shall be deemed final; and

3. at the same time the Executive Director gives written notice of the action to members of the Commission.

(b) ~~The Executive Director is empowered to review decisions and recommendations of Commission staff as provided for in these rules. Whenever Commission staff cannot resolve a complaint or a dispute involving the Act or these rules, the Executive Director upon a written request from an aggrieved party that in the view of the Executive Director is justifiable will provide a review and/or hearing for parties involved prior to presentation of the unresolved complaint or dispute to the Commission.~~

(c) On the advice of Commission staff, the Executive Director, in consultation with the Commission, is authorized to waive these rules upon well documented extraordinary cause, where necessary to protect the public interest, and when consistent with the Act.

(d) The Executive Director may exempt a program or activity from authorization or from compliance with a specific rule if such an exemption can be demonstrated to be in the public interest. Such exemptions should be temporary and narrow in scope and be subject to annual review.

(e) The Executive Director is empowered to act in the following matters, subject to a hearing and review by the Commission upon the request of the aggrieved party in the manner provided by T.C.A. § 49-7-~~2010~~2012(b):

1. assess fines under the Act and these rules; and

2. intervene to alter, place conditions on, suspend, or revoke, in full or in part, an institution's ~~or agent's~~ authorization or program registrations. ~~to operate; and~~

~~3. issue temporary or conditional authorization.~~

~~(f) The Executive Director is empowered to grant provisional initial authorization to an institution seeking initial regular or optional expedited authorization subject to review and ratification by the Commission at its next regularly scheduled meeting.~~

~~(g) The Executive Director is empowered to extend authorization time periods of institutions authorized as of July 1, 2022, in order to effectuate the purposes of the Act and these rules. At the Executive Director's direction, Commission staff shall post on the Commission's website notice of authorization extensions and future filing requirements and provide notification of the posting to institutions via email.~~

~~(3) Role of the Committee on Postsecondary Educational Institutions (Committee):~~

~~(a) The Committee shall meet quarterly or at the call of the Chairman of the Committee, at the call of a majority of the Committee members, or at the call of the Chairman of the~~

~~Commission to serve as an advisory committee to the Commission.~~

~~(b) At meetings, the Committee may take any action delegated to it by the Commission pursuant to T.C.A. § 49-7-207, including, but not limited to, making recommendations on:~~

~~1. applications for authorization;~~

~~2. applications for program approvals;~~

~~3. proposed rules; and~~

~~4. consideration of such other matters relating to the Act at the request of the Executive Director.~~

~~(c) The Committee and, as needed, other experts appointed by the Executive Director, may participate in institution site visits for purposes of evaluating compliance with the Act and these rules;~~

~~(d) The Committee shall exercise such other powers and undertake such other obligations as are delegated to it by the Commission under the provisions of the Act.~~

~~(e) The Chairman of the Committee may appoint subcommittees as needed.~~

(43) Role of the Commission staff:

(a) Beginning October 1, 2016, the office and Commission staff responsible for oversight of the Act and Rule Chapters 1540-01-02 and 1540-01-10 shall be officially referred to as the Tennessee Higher Education Commission, Division of Postsecondary State Authorization (DPSA).

(b) Commission staff and, as needed, other industry representatives or subject matter experts appointed by the Executive Director, shall perform site visits and/or audits to review, inspect, and investigate locations as necessary to ensure compliance with the Act and these rules. Site visits or audits may be conducted at the discretion of Commission staff for reasons including, but not limited to, authorization determinations, program approvalsregistrations, complaints, investigations, compliance checks, or any situation that may adversely affect students or people at the institution.

(c) Commission staff shall investigate as necessary any activity believed to create a physical presence in Tennessee to verify adherence to the Act and these rules or to determine whether an exemption is appropriate.

(d) Commission staff shall establish due dates, as necessary, for submission of all fees, applications, registrations, certifications, or other materials, ~~and other materials to be included on the agenda for meetings of the Committee.~~

- (e) Commission staff may share with state or federal agencies information on institutions seeking, holding, or required to be authorized by the Commission as well as any unauthorized educational operations. Commission staff may share with appropriate accrediting bodies any adverse action recommended or taken by Commission staff, the Executive Director, ~~Committee~~, or Commission.
- (f) Commission staff may recommend that the Executive Director take adverse action as described in Rule .22 of these rules.

Authority: T.C.A. §§ 49-7-2004 and 49-7-2014.

1540-01-02-.03 DEFINITIONS.

- (1) "Ability-to-benefit" or "ATB" as an adjective describes:
 - (a) a student who has not provided proof of receiving a high school diploma or equivalency, but who has demonstrated by successfully passing an ability-to-benefit test that the student possesses the cognitive or physical skills needed to benefit from a course or certificate or diploma program; or
 - (b) a test given by an authorized institution to determine whether a student possesses the cognitive or physical skills to benefit from a certificate or diploma program.
- (2) "Academic" as an adjective describing a degree means a degree that is organized primarily for academic training or transfer. Academic degrees include: Associate of Arts, Associate of Science, Bachelor of Arts, Bachelor of Business Administration, Bachelor of Science, Bachelor of Fine Arts, Master of Arts, Master of Science, Master of Fine Arts, Master of Business Administration, Doctor of Philosophy, Doctor of Psychology, and Doctor of Education.
- (3) "Accreditation" is a non-governmental, peer evaluation of educational institutions and programs by private educational associations of regional and national scope that have adopted criteria for educational programs and have developed procedures for evaluating institutions or programs. These criteria determine whether or not institutions or programs are operating at basic levels of quality. The Commission only recognizes accrediting agencies that are recognized by the U.S. Department of Education.
- (4) "Act" means the Tennessee Higher Education Authorization Act of 2016, T.C.A. §§ 49-7-2001, et seq., as amended.
- (5) "Adverse action" means action taken by the Executive Director or Commission to fine, limit, change, suspend, or cause to cease activity that is not compliant with the Act and these rules. Such adverse action includes fines of five hundred dollars (\$500) per violation per day, suspension of activity, conditional authorization ~~or program registration~~, or revocation of authorization or ~~approval~~ ~~program registration~~.
- (6) "Agent" means any person representing a postsecondary educational institution for payment, who solicits in any form and enrolls, or seeks to enroll, a student for education

offered by an authorized institution, or offers to award educational credentials, for remuneration, on behalf of any such institution. Persons owning an interest in an institution and the institution's full-time employees and directors shall not be considered agents under [this part of the Act](#).

- ~~(7)~~ ["Agent's permit" means a nontransferable written authorization issued to a person by Commission staff that allows that person to solicit, recruit, or enroll students for education in an authorized postsecondary educational institution.](#)
- ~~(8)~~ "Articulation and transfer of credit agreement" means an arrangement between two (2) higher education institutions that is approved and signed by authorized institutional representatives and constructed by faculty in the discipline that (1) equates for transfer of a defined set or block of academic credits that will meet requirements of a specified program at a degree-awarding institution or (2) provides that a specific credential from one institution will meet the admission education requirement for a program leading to a higher credential at a second institution.
- ~~(9)~~ "Associate's degree" means a credential issued to students who complete a vocational or academic program or curriculum consisting of at least sixty (60) semester credit hours, ninety (90) quarter credit hours, or the equivalent.
- ~~(40)~~ "Authorization ~~to operate~~" means approval of ~~the Commission to operate or to contract to operate~~ a postsecondary educational institution [by the Commission for the institution to engage in activities or operations otherwise prohibited by in this state as described in T.C.A. § 49-7-2007\(1\)–\(3\) or \(5\)](#). Authorization ~~to operate~~ is for a specified time at a specified location. Institutions shall not use ~~an authorization to operate~~ to connote greater approval than simple permission to [operate engage in allowed activities or operations](#). Terms which may not be used include, but are not limited to, "accredited [by](#)," "supervised [by](#)," "endorsed [by](#)," and "recommended by the Commission."
- ~~(41)~~ "Authorization site visit" means an institutional site visit conducted by Commission staff or ~~a Committee member~~ [other industry representatives or subject matter experts](#) to verify a location or program is compliant with the Act and these rules.
- ~~(42)~~ "Bachelor's degree" means a credential issued to students who complete a vocational or academic program or curriculum consisting of at least one hundred and twenty (120) semester credit hours, one hundred and eighty (180) quarter hours, or the equivalent.
- ~~(43)~~ "Certificate program" generally means one (1) or more technical courses usually completed in one (1) to twenty-six (26) weeks, or up to and including five hundred (500) contact hours normally with a single skill objective.
- ~~(44)~~ "Clock Hour" has the same meaning as contact hour.
- ~~(45)~~ "Closed enrollment" means instruction provided to a group or business by a postsecondary educational institution, whereby public solicitation does not occur and the institution is given a list of enrollees to train at no cost to the students.

(1615) "College" means (1) a unit of a university offering specialized degrees or (2) a postsecondary educational institution offering courses of study leading to a degree.

(1716) "Commission" means the Tennessee Higher Education Commission.

~~(18) "Committee" means the Committee on Postsecondary Educational Institutions.~~

(1917) "Completion rate" shall have the same meaning as "graduation rate," and shall mean the number of completions as a percentage of the number of students not currently enrolled minus the number of withdrawals due to special circumstances, that is, Completion Rate = Number of Completions/(Number Not Currently Enrolled - Special Circumstance Withdrawals) × 100.

(2018) "Contact hour" means a sixty (60) minute period of time that contains at least fifty (50) minutes of actual directed or supervised instructional time.

(2119) "Degree" means an educational credential from a postsecondary educational institution with the term associate, bachelor, masters, specialist, or doctor in the credential designation.

~~(22) "Degree-granting postsecondary educational institution" includes institutions offering education or training above the high school level and where the institution awards degrees, such as associate, bachelors, masters, specialist, or doctoral degrees.~~

(2320) "Diploma program" means a program of instruction offering technical and some basic course work. General education courses may be included. Program requirements generally range from more than five hundred (500) contact hours to less than the requirements for an Associate degree.

(2421) "Distance learning" means a system and process that connects learners with distributed learning resources through delivery systems at a distance such as correspondence, video tape, audio tape, telecommunications, computer resources, computer network system or an electronic delivery system, where there is physical separation of the instructor and student.

(2522) "Division of Postsecondary State Authorization" or "DPSA" means the office and Commission staff responsible for oversight of the Act and Rule Chapters 1540-01-02 and 1540-01-10.

(2623) "Doctoral degree" means a credential issued to students who complete a program consisting of a bachelor's degree plus at least ninety (90) semester hours of graduate credit, one hundred and thirty-five (135) quarter hours of graduate credit, or the equivalent.

(2724) "Enrollment" refers to those students who have attended one (1) session of class, turned in one (1) assignment, or received one (1) distance learning lesson.

(2825) "Educational credentials" means degrees, diplomas, certificates, transcripts, reports, documents, or letters of designation, marks, appellations, series of letters, numbers or words which signify, purport or are generally taken to signify enrollment, attendance,

progress or satisfactory completion of the requirements or prerequisites for education at a postsecondary educational institution.

- (2926) "Educational service" means any class, course or program of training, instruction or study.
- (3027) "Federal student financial aid programs" means any of the various loans or grants offered to students, parents, or institutions through Title IV of the Higher Education Opportunity Act, as amended.
- (3128) "General education courses" means academic subjects intended to broaden communication/language skills, contribute to the intellectual growth of the student and give balance to the total program beyond the area of vocational or professional concentration.
- (3229) "Independent certified public accountant" means a certified public accountant not associated with the institution, its owners, or its affiliated businesses.
- (3330) "In-field placement rate" means the Number Placed In-Field as a percentage of number placeable, that is, In-Field Placement Rate = Number Placed In-Field/Number Placeable × 100.
- (3431) "Institutional director" means the individual designated by the institution to assume responsibility for ensuring that the conduct of the institution and its agents are within the Act and these rules.
- (3532) "License" or "Licensure" includes similar terms, such as registration and certification, and means a designation from a subject matter expert state agency, board, or commission indicating that the recipient has met certain requirements for obtaining the designation, for example, a licensed massage therapist or educator.
- (3633) "Location" means an address that [may be used for purposes of a postsecondary educational institution in compliance with all pertinent ordinances and laws, including any rules and regulations adopted pursuant to the ordinances and laws, relative to zoning and the safety and health of persons at the address is zoned for commercial purposes for use as a postsecondary educational institution. When physical presence activities or operations are not the result of instruction at a postsecondary educational institution location as determined by the Commission staff, such as supervised field experiences or similar activities or operations, then the postsecondary educational institution location from which the educational credential is awarded must be the authorized location.](#)
- (3734) "Master's degree" means a credential issued to students who complete a program consisting of a bachelor's degree plus at least thirty (30) semester credit hours, forty-five (45) quarter credit hours, or the equivalent.
- (38) ~~"Non-degree-granting postsecondary educational institution" includes all postsecondary educational institutions that do not meet the definition of a degree-granting postsecondary educational institution. Non-degree-granting postsecondary institutions are frequently referred to as "career," "vocational," or "technical" schools. Non-degree-granting~~

~~postsecondary educational institutions are institutions offering programs designed primarily for job entry or upgrading of skills and usually measured in contact hours. These programs typically prepare individuals for employment and do not require courses beyond those specific to the job or its field with program length sufficient to affect outcomes.~~

- (~~3935~~) "Other fees" means fees, other than tuition, paid to the institution or third parties for products or services, including, but not limited to, fees paid for tangible goods, laboratory fees, technology fees, student activity fees, graduation fees, or fees paid for housing, meals, or transportation.
- (~~4036~~) "Out-of-state institution" means an authorized postsecondary educational institution that maintains its primary campus in another state, but has a physical presence in Tennessee.
- (~~4137~~) "Ownership" and "Owner" mean:~~s ownership of a controlling interest in the institution or in the event the institution is owned or controlled by a corporation or other legal entity other than a natural person or persons, ownership of a controlling interest in the legal entity owning or controlling the institution.~~
- (a) ~~the individual, if the postsecondary educational institution is a sole proprietorship;~~
 - (b) ~~all partners, whether full, silent, or limited, if the postsecondary educational institution is a partnership;~~
 - (c) ~~all individuals and entities with an interest in the for-profit corporation or other for-profit legal entity, if the postsecondary educational institution is a for-profit corporation or other for-profit legal entity; or~~
 - (d) ~~the executive committee of the governing board, if the postsecondary educational institution is a not-for-profit or nonprofit entity.~~
- (~~4238~~) "Physical presence" means presence within the state of Tennessee for the purpose of conducting activity related to a postsecondary educational institution as given in T.C.A. § 49-7-2007. Physical presence as further outlined for purposes of authorization shall include but not be limited to:
- (a) operating an instructional site within the state;
 - (b) offering instruction within or originating from Tennessee designed to impart knowledge with response utilizing teachers, trainers, counselors or computer resources, computer linking, or any form of electronic means;
 - (c) granting an educational credential from a location within the state;
 - (d) using an agent, recruiter, institution, or business that solicits for enrollment or credits or for the award of an educational credential; or

(e) advertising, disseminating promotional material or conducting public solicitation in any form that targets Tennessee residents or uses local advertising markets in the state for institutions seeking, holding, or required to be authorized by the Commission.

(4339) "Placement rate" means the number placed as a percentage of the number placeable, that is, $\text{Placement Rate} = \text{Number Placed} / \text{Number Placeable} \times 100$.

(4440) "Postsecondary educational institution" includes, but is not limited to, ~~an academic, vocational, technical, online/distance learning, business, professional, or other~~ a school, college, ~~or~~ university, or other ~~type of entity organization or person~~, offering educational credentials, ~~or offering instruction, or educational services, or other activities as described in T.C.A. § 49-7-2007~~, primarily to persons who have completed or terminated their secondary education, or who are beyond the age of compulsory high school attendance, for ~~the~~ attainment of educational, professional, or vocational objectives.

(4541) "Quarter" is a period of instruction into which the academic year is divided. A quarter must consist of at least ten (10) weeks.

(4642) "Quarter credit hour" means a measurement of scholastic attainment earned by receipt of instruction for one (1) quarter of one (1) classroom lecture hour per week, two (2) hours of laboratory experience per week, or three (3) hours of intern/externship experience per week, or the equivalent number of hours.

(4743) "Refundable fees" means any fees paid by or on behalf of the student to the institution but excluding fees paid for (1) tangible goods retained by the student or (2) services provided in full to the student.

(4844) "Residential course" means a course in which the student comes to an institution's authorized location as opposed to a course where the student and the instructor are in different locations.

(4945) "Semester" is a period of instruction into which the academic year is divided. A semester must consist of at least fifteen (15) weeks.

(5046) "Semester credit hour" means a measurement of scholastic attainment earned by receipt of instruction during one (1) semester of one (1) classroom lecture hour per week, two (2) hours of laboratory experience per week, or three (3) hours of intern/externship experience per week or the equivalent number of hours.

(5147) "Solicitation" means contact, written or verbal, on behalf of an institution for the purpose of supplying information in an attempt to enroll Tennessee residents.

(5248) "Specialist Degree" means an advanced master's degree or post-master's degree with requirements less than those required for a doctoral degree.

(49) "Supervised field experiences" means a student learning experience comprised primarily of

[the practical application of previously studied theories and skills, under the oversight of a supervisor, mentor, faculty member or other qualified professional who has a direct or indirect reporting responsibility to the institution where the student is enrolled, whether or not credit is granted. The supervised field experience is part of a program of study offered by the enrolling institution. Examples include practica, student teaching, clinical placements, or internships.](#)

(~~5350~~) "These rules" means all rules contained in Rule Chapter 1540-01-02.

(~~5451~~) "Time to completion" means the total number of days from a student's start date until the completion date.

(~~5552~~) "Tuition" means any fee involving the student, actually charged or tracked as a bookkeeping item for instruction provided. Pursuant to Rule .15(4) of these rules, all tuition charges must clearly indicate the period of enrollment for which the student is being charged, for example, if the program is a four (4) month program but the tuition charged is for one (1) month, the account statement might read "Tuition Charged for Month 1."

(~~5653~~) "Tuition guaranty fund" means the tuition guaranty fund created by T.C.A. § 49-7-2018 and the related rules in Rule Chapter 1710-01-02.

(~~5754~~) "Unearned tuition" means the dollar amount calculated pursuant to T.C.A. § 49-7-2018 and the related rules in Rule Chapter 1710-01-02.

(~~5855~~) "University" means a postsecondary educational institution that provides facilities for teaching and research, offers academic undergraduate and graduate degrees at the baccalaureate and higher level, and is organized into largely independent colleges or schools offering undergraduate, graduate, and/or professional programs.

(~~5956~~) "Vocational" in the description of a program or institution means that which is organized primarily for job entry or upgrading of job skills that would result in a new job title or position and is not intended for academic transfer.

(~~6057~~) "Withdrawal rate" means the number of withdrawals minus the number of withdrawals due to special circumstances as a percentage of program enrollment, that is, $\text{Withdrawal Rate} = \frac{\text{Number of Withdrawals} - \text{Special Circumstance Withdrawals}}{\text{Program Enrollment}} \times 100$.

Authority: T.C.A. §§ 49-7-2003 and 49-7-2005

1540-01-02-.04 DETERMINATION FOR REQUIRED AUTHORIZATION.

- (1) No location of a postsecondary educational institution may create a physical presence unless the location is authorized by an affirmative vote of the Commission during a public meeting, [is awarded provisional initial authorization](#), or is exempt. Authorization includes regular, [temporary provisional](#), and conditional authorization referred to in this Rule Chapter as well as optional expedited authorization referred to in Rule Chapter 1540-01-10.

- (2) Commission staff may recommend that the Executive Director take adverse action against any unauthorized [individual, business, or institutionschool, college, university, or other type entity](#) requiring authorization as a postsecondary educational institution. Such entities must make an immediate good faith effort toward compliance by submitting an Initial Authorization Application or Optional Expedited Authorization Application, as provided in Rule Chapter 1540-01-10, and the applicable fee by the due date provided by Commission staff.

Authority: T.C.A. §§ 49-7-2002, 49-7-2003, 49-7-2005, 49-7-2006, 49-7-2011, [and 49-7-2022](#)~~and 49-7-2023~~.

1540-01-02-.05 EXEMPTIONS.

- (1) T.C.A. § 49-7-2004 of the Act includes general descriptions of institutions and programs that are exempt from the provisions of the Act and these rules. Institutions and programs meeting the specific provisions below shall be considered exempt pursuant to the general exemption descriptions of T.C.A. § 49-7-2004.
 - (a) Subject to subparagraph (b) of this rule, education that is:
 - 1. maintained or given by an employer or group of employers, for employees or for persons they anticipate employing at no cost to the individual;
 - 2. maintained or given by a U.S. Department of Labor or state recognized labor organization (1) to its membership or apprentices or (2) at no cost to the individual;
 - 3. financed and/or subsidized by public funds, at no cost to the individual, and having a closed enrollment;
 - 4. given under a contract agreement, having a closed enrollment, at no cost to the individual, and does not offer educational credentials that in the opinion of Commission staff are specifically directed toward new or additional vocational, professional, or academic goals; or
 - 5. given to a closed network of franchise owners and their employees at no cost to employees through a franchisor that does not advertise or provide its training to the general public and wherein such training is not the primary business of the franchisor.
 - (b) For purposes of subparagraph (a) of this rule, payroll deductions, minimum employment periods as a result of a company's investment in the employee, fees levied if an individual leaves that employment, or similar practices shall constitute cost to the individual, except that the employer may accept funds provided through a state or federal program that provides adequate institutional and/or programmatic review as determined by Commission staff.
 - (c) Programs, seminars, or workshops that are recreational or avocational, including,

but not limited to, motivational or enrichment programs, as determined by Commission staff shall be considered exempt from [authorization-registration](#) requirements. Upon review by Commission staff, a provider that presents the instruction in such a way as to suggest a vocational end may be required to become authorized or clarify through public advertising that the program, seminar, or workshop is in fact recreational or avocational.

- (d) Short-term programs, seminars, or workshops that are solely for professional enhancement as determined by Commission staff shall be considered exempt from [authorization-registration](#) requirements. Education resulting in specialized certifications clearly used to denote technical, professional, or vocational proficiency toward an additional vocational goal or new job title must be authorized for operation.
 - (e) Intensive review courses [of instruction previously received by students that are](#) designed solely to prepare students for graduate or professional school entrance exams and professional licensure exams shall be considered exempt from [authorization-registration](#) requirements. This exemption applies only when the review course is not designed to provide the initial training in the subject area.
 - (f) Training designed to prepare students for credit-by-examination tests may be considered exempt from [authorization-registration](#) requirements. The exemption is contingent on the entity's agreement to indicate in all promotional materials that the training is for test preparation for credit-by-examination tests and refrain from any misleading representations. Such misleading representations include:
 - 1. suggesting in any way that the training results in receipt of an educational credential, such as a degree;
 - 2. listing anticipated salary amounts; and
 - 3. suggesting that the entity is accredited.
 - (g) Businesses offering limited computer training in hardware, software, delivery systems or any related technology for clients or customers directly related to a sale of equipment or services are exempt from the provisions of authorization.
 - (h) Businesses offering short-term computer courses in common software or basic computer hardware that is intended for enrichment or professional enhancement are exempt from the provisions of authorization unless in the opinion of Commission staff the courses are offered concurrently toward a vocational goal.
- (2) Any institution or program that qualifies as exempt under the Act and these rules is exempt from authorization [or registration](#) without a determination of the Commission. However, institutions can request that Commission staff issue a written determination of exemption [as provided for in Rule .07 of these rules](#) for the institution as a whole or for any program. Commission staff can revoke or amend an exemption determination if the basis for the

exemption changes or no longer exists.

- ~~(3) — Except as provided in paragraph (4) of this rule, to request a determination of exemption, institutions shall submit an Exemption Application along with a descriptive narrative explaining how the institution or program qualifies for an exemption. The application shall require a citation to the exemption provision relied on in the Act and these rules and documentation supporting the requested exemption such as: copies of all institutional materials; brochures; advertising; state charter or business license; or organizational ties and/or contracts with other educational providers. Upon receipt of an Exemption Application, Commission staff shall make a written determination and, if denied, provide a date by which an aggrieved institution may submit a request for further review by the Executive Director. Such date shall not be earlier than ten (10) business days after the date of the written determination.~~
- ~~(4) — Institutions that are exempt pursuant to T.C.A. § 49-7-2004(a)(6) shall submit the Information Request Form in order to obtain a determination of exemption.~~
- ~~(5) — If the institution is aggrieved by a determination concerning exemption status, the institution may seek review as provided for in Rule .02(2)(b) of these rules. Any request for review shall be in writing, signed, list each instance where Commission staff erred, and provide a detailed explanation of each alleged error with references to specific statutes or rules. Requests for review shall be received through hand delivery, mail, electronic mail or facsimile. A request may be denied if it is not received in a timely manner as set forth in paragraph (3) of this rule.~~

Authority: T.C.A. §§ 49-7-2002, 49-7-2003, 49-7-2004, 49-7-2005, 49-7-2006 and 49-7-2008.

1540-01-02-.06 MINIMUM STANDARDS FOR AUTHORIZATION.

- (1) Institutions authorized to operate or seeking authorization ~~to operate~~ in Tennessee must meet the minimum standards for authorization stated in the Act and these rules. Commission staff shall verify that an institution meets minimum standards for authorization through review of applications, ~~registration requests, and certifications, including, but not limited to, Initial Authorization Applications, New Program Applications, Program Revision Notification, School Personnel Applications, and Reauthorization Applications.~~
- (2) No out-of-state institution will be considered for authorization if it is not authorized in the state where it is primarily located.
- (3) In relation to the size and scope of the institution, it shall furnish adequate student services and resources to fulfill the mission and claims of the institution. Such services must have staff available to students with the knowledge and skills in areas such as: academic standing and satisfactory progress, admissions, employment opportunities or placement, intern/externships, library, and financial aid.
- (4) Administrative capability must be demonstrated in the daily operational standards at the institution. Administrative capability is the ongoing effective operation of the institution

such that the institution is able to comply with and, as applicable, coordinate federal, state and accreditation requirements in a positive and educationally enriching environment to the benefit of students. Indicators of a breakdown of administrative capability include: reoccurring violations in the same area, numerous student complaints during the year, failure to correct compliance issues, frequent or sudden turnover in faculty or staff, or multiple findings in several different areas.

(5) Institution Name:

- (a) An institution's name may not duplicate another institution name or mislead potential students in violation of fair consumer practices or suggest guaranteed employment, completion, or other outcomes.
- (b) An institution may not use the word university in its name unless the institution meets the definition of university in these rules and has been so approved by a regional accrediting body so recognized by the U.S. Department of Education.
- (c) An institution may use the word college in its name without a qualifier if the institution:
 - 1. meets the definition of college as set forth in these rules;
 - 2. has been approved by an accrediting body recognized by the U.S. Department of Education to offer degree level programs; and
 - 3. offers or is seeking approval to offer at least one (1) degree program.
- (d) An unaccredited or non-degree granting postsecondary educational institution may use the word college in its name as long as the name contains an appropriate qualifier, such as career, vocational, or Bible. For institutions authorized after October 1, 2016, the qualifier shall precede the word college.

Authority: T.C.A. §§ 49-7-2002, 49-7-2004, 49-7-2005, 49-7-2006, 49-7-2007, 49-7-2008.

1540-01-02-.07 INSTITUTIONAL APPLICATIONS, [REQUESTS, AND CERTIFICATIONS OF COMPLIANCE](#).

(1) ~~Application d~~[Due dates, denials, and deferrals](#)~~withdrawals, and review:~~

- (a) ~~For purposes of these rules, application refers to any application, request, or certification. For each quarterly meeting of the Committee, Commission staff shall establish a due date that is no more than ninety (90) days before the date of the meeting. Unless stated by Commission staff, the established due date shall apply to Initial Authorization Applications, New Program Applications, and Reauthorization Applications.~~
- (b) ~~When a due date is provided by Commission staff, a complete application in the prescribed format~~[Applications](#) shall be received at the Commission ~~on by the close~~

of business on the due date. Applications received after that the due date will be deemed late, will be reviewed after all timely filed applications are reviewed, and may be subject to a late fee and may be deferred to the next due date.

- (c) Initial Authorization Applications and Program Registration Requests shall be filed in the prescribed format and may be filed at any time. All other applications, registration requests, or certifications shall be filed as provided for in these rules. Applications will be reviewed when complete.
- (bd) When received, Commission staff shall determine whether an application is complete and notify the applicant if the application is incomplete. An applicant will have thirty (30) days to complete an incomplete application. Incomplete applications include applications submitted without all applicable fees or in a format other than the prescribed format and applications missing a required attachment. An application submitted without the appropriate fee will be considered incomplete and will not be reviewed until all applicable fees are received. In any event, Commission staff may defer the application to the next due date. An application that is not completed by the prescribed due date will be deemed withdrawn.
- (ee) Denial or withdrawal of an application does not prevent the applicant from submitting a new application. Further, an incomplete application is an application that is missing any information or contains noncompliant information. Commission staff may defer consideration of the application to the next due date.
- (ef) When an application is before Commission staff for consideration, Commission staff will provide the applicant written notice of its final determination. If, upon written notification of any action taken by Commission Staff, an aggrieved applicant desires a review by the Executive Director, the applicant shall notify the Executive Director within ten (10) days of the date of the action of the Commission staff, otherwise the action of Commission staff shall be deemed final and no further review available. Any request for review by the Executive Director shall be in writing, signed, and provide a detailed explanation of each alleged error with references to the Act or these rules. A request may be denied if it is not received in a timely manner. If an application is deferred, the institution shall have until the next established due date to complete the application.
- (eg) If, upon written notification of any action taken by the Executive Director, an aggrieved applicant desires a hearing and review by the Commission, pursuant to T.C.A. § 49-7-2012, the applicant shall notify the Commission within ten (10) days of the date of the action of the Executive Director, otherwise the action of the Executive Director shall be deemed final and no further review available. Any request for review by the Commission shall be in writing, signed, and provide a detailed explanation of each alleged error with references to the Act or these rules. A request may be denied if it is not received in a timely manner. An application can be deferred

~~either by the institution or Commission staff a total of two (2) times. After the second deferral, the application will be deemed withdrawn if the institution does not submit a completed application by the next due date.~~

~~(h) Any person, agent, group or entity aggrieved or adversely affected by any final Commission action may obtain judicial review of the action as provided in T.C.A. § 49-7-2012.~~

(2) Initial Authorization Application:

(a) Institutions must demonstrate through the Initial Authorization Application that the institution meets minimum standards for authorization as provided for in the Act and these rules. The application shall require at a minimum:

1. a name of the institution that complies with the Act and these rules;
2. evidence of a business account with a financial institution that is federally insured in said institution's name;
3. a description of the ownership of the institution, including names and contact information for owners or board of director members, percentage of ownership, and, when applicable, a corporate flowchart showing the institution's position in relationship to all affiliated corporate entities;
4. the address and general description of facilities such that a determination can be made that the institution has adequate space, equipment, and instructional material to provide education consistent with the objectives of the course or program of study of good quality;
5. evidence demonstrating that the location meets the definition of location as provided for in these rules ~~is commercially zoned~~ and that possession of the location is stable such that the institution will be able to use the location for a minimum of one (1) year from the date of application. Month-to-month leases are not acceptable;
6. qualifications for instructional staff and supervisors;
7. designation of and contact information for an institutional director for each location and an affirmation from the director that he or she will conduct the institution in accordance with the Act and rules;
8. a description of any administrative structure above the institutional director with the signature of the official that will notify the Commission if the director is replaced;
9. a continuous institutional surety bond;

10. a copy of the enrollment agreement the institution will use following receipt of authorization;
11. a copy of the pre-enrollment checklist the institution will use following receipt of authorization;
12. a copy of the institutional catalog the institution will use following receipt of authorization;
13. a copy of the student transfer of credit disclosure statement required by T.C.A. § 49-7-144;
14. any specific requirements as outlined under Rule .08 of these rules;
15. affirmation that the institution is maintained and operated in compliance with all pertinent ordinances and laws, including, but not limited to, rules and regulations adopted pursuant to ordinances and laws relative to the safety and health of all persons upon the premises;
16. if participating in Title IV federal student financial aid programs,
 - (i) the institution's Office of Postsecondary Education Identification (OPEID) number;
 - (ii) the most recently calculated three-year official cohort default rate from the Office of Federal Student Aid of the U.S. Department of Education; and
 - (iii) documentation demonstrating that the institution is currently maintaining financial standards and institutional stability deemed acceptable for eligibility in Title IV federal student financial aid programs. Documentation shall include at a minimum:
 - (I) the most recent independent audit completed, in part, for purposes of calculating the institution's federal financial composite score as described in 34 C.F.R. § 668.172; and
 - (II) any correspondence issued in the past twenty-four (24) months from the Federal Student Aid Office of the U.S. Department of Education concerning eligibility for financial aid, including, but not limited to, financial ratios, a letter of credit alternative, or a provisional certification alternative as well as any related correspondence from the institution;
17. provide financial statements as follows:
 - (i) as to institutions that are not currently operating a location,

- (I) a year-to-date balance sheet that demonstrates resources adequate to fund facilities maintenance and overhead, staff and faculty payroll, books, supplies or equipment utilized by students, and general operating costs for a minimum of ninety (90) days and
- (II) pro forma income statements demonstrating that the location for which authorization is being sought will within the first three (3) years following receipt of initial authorization meet the ratios described in Rule .14(65)(e) of these rules; or

(ii) as to institutions that are operating a location,

- (I) current financial statement with a balance sheet that demonstrates resources adequate to fund facilities maintenance and overhead, staff and faculty payroll, books, supplies or equipment utilized by students, and general operating costs for a minimum of ninety (90) days and
- (II) pro forma income statements demonstrating that the location for which authorization is being sought will within the first three (3) years following receipt of initial authorization meet the ratios described in Rule .14(65)(e) of these rules and financial statements of all owners; and

18. such other information or clarification deemed necessary by Commission staff.

(b) A separate application for authorization must be made for each location located outside of reasonable walking distance from a previously authorized location. Commission staff may make reasonable exceptions for narrow purpose, highly structured programs at multiple locations where administrative requirements are limited and precise.

(c) Initial Authorization may be granted for up to four (4) years, unless otherwise determined by the Executive Director or the Commission. Institutions with a four (4) year initial authorization term shall submit Certifications of Compliance as provided for in these rules in years one (1), two (2), and three (3) and a Reauthorization Application as provided for in these rules in year four (4).

(d) Commission staff will review an Initial Authorization Application and, upon finding that the application demonstrates that the institution complies with all requisite standards, recommend that the Executive Director grant the institution provisional initial authorization. Provisional initial authorization shall list any limitations as to

time, procedures, functions, or other conditions as deemed necessary and be subject to review and ratification by the Commission.

(e) The Commission is not required to authorize an institution, if, in its judgment:

1. the institution is noncompliant with the Act or these rules;
2. adequate provisions for the institution or its programs exist within the proposed service area;
3. if there is insufficient evidence that adequate employment opportunities exist in the related occupations for persons successfully completing the institution's programs; or
4. if the costs of a program are unreasonable in relation to the reasonably expected earnings in occupations for which the program is designed.

(f) In the event that the Initial Authorization Application fails to demonstrate that the institution complies with all requisite standards, Commission staff shall defer the application by providing written notice of the deficiencies to the applicant and providing applicant two (2) opportunities to correct the deficiencies. Following the second failed attempt to correct deficiencies, the application will be denied.

(3) Reauthorization Application:

- (a) Effective January 1, 2018, institutions with regular, temporary, or conditional authorization shall file a reauthorization application by the a due date to be established by Commission staff and posted on the Commission's website. for the Committee meeting that is approximately one (1) year from the institution's initial authorization date. In order to efficiently transition to this process in 2017, Commission staff will post on its website by October 3, 2016, a schedule for institutions to follow in 2017 to obtain reauthorization prior to the current authorization expiration date of June 30, 2017. If necessary to effectuate the transition, the Executive Director may extend an institution's authorization.
- (b) The Reauthorization Application constitutes a self-study through which institutions must demonstrate through the Reauthorization Application that the institution continues to meet the minimum standards for authorization as provided for in the Act and these rules. The application shall may require at a minimum:
 1. updates to information previously submitted as part of other applications;
 2. information related to required student enrollment documentation, such as enrollment agreements and disclosures;
 3. financial statements for the most recent institutional fiscal year as given under Rule .14 of these rules;

4. a list of institutional personnel;
5. funding data for students enrolled during the reporting year, including, but not limited to, the amount of self-pay and state or federal aid program funds;
6. student data related to licensure examination passage rates as further explained in Rule .08(4) of these rules;
7. [affirmation of the requirement to submit](#) statistical data as described in Rule [.27-18](#) of these rules; and
8. such other information or clarification deemed necessary by Commission staff.

~~(c) Commission staff will review a Reauthorization Application and, upon finding that the application demonstrates that the institution complies with all requisite standards, grant reauthorization for four (4) years, unless a shorter term is determined to be appropriate by the Executive Director or Commission. In the event that the Reauthorization Application fails to demonstrate that the institution complies with all requisite standards, Commission staff shall defer the application by providing written notice of the deficiencies to the applicant and providing applicant two (2) opportunities to correct the deficiencies. Following the second failed attempt to correct deficiencies, Commission staff will recommend that the Executive Director take adverse action, including but not limited to assessing a fine, placing the institution on conditional authorization status or revoking authorization.~~

(4) Change of Ownership Application:

- (a) ~~Authorization must be issued to the owner or governing body of the applicant institution and is nontransferable. Authorization to operate cannot be transferred.~~
- (b) ~~The sale or transfer of an ownership interest after the death of an owner of an institution to either an approved partner or current stockholder of the corporation is not considered a change in ownership. The Executive Director may determine that other similar transfers should also be excluded from these requirements.~~
- (~~b~~) ~~A change of ownership occurs when a transaction results in the controlling interest in the postsecondary educational institution changing from an authorized owner to an unauthorized owner. In the event of a change of ownership, as defined in Rule .03(41) of these rules, the new owner or governing body must submit to Commission staff within ~~ten five (405)~~ business days after the change in ownership is finalized:~~

1. a Change of Ownership Application and

2. a request that the Executive Director grant the new owner ~~or governing body~~ conditional authorization ~~to operate~~ until the new owner ~~or governing body~~ obtains ~~temporary provisional initial~~ authorization.

~~(dc)~~ The new owner ~~or governing body~~ shall submit an Initial Authorization Application ~~or an Optional Expedited Authorization Application as provided for in Rule Chapter 1540-01-10 by the first quarterly filing due date after filing the Change of Ownership Application by thirty (30) days after the notice of conditional authorization.~~

~~(ed)~~ The Change of Ownership Application shall require that the new owner ~~or governing body~~ provide the sales contract, bill of sale, deed, or other documents necessary to transfer ownership of the institution.

~~(e)~~ Commission staff will review a Change of Ownership Application and, upon finding that the application demonstrates that the institution complies with all requisite standards, grant the change of ownership and recommend that the Executive Director grant conditional authorization. In the event that the Change of Ownership Application fails to demonstrate that the institution complies with all requisite standards, Commission staff shall defer the application by providing written notice of the deficiencies to the applicant and providing applicant two (2) opportunities to correct the deficiencies. Following the second failed attempt to correct deficiencies, the application will be denied and the closure process described in Rule .23(b) of these rules will commence.

(5) ~~New Program Application and Program Revision Notification~~ Program Registration Request:

(a) In order to offer a program, an institution must submit a ~~New Program Application Registration Request~~ either along with an Initial Authorization Application or, for previously authorized institutions, as a stand-alone application. Program ~~approval registration~~ by the Commission is required prior to offering the program, which includes enrolling, advertising, recruiting or soliciting. Program Registration Requests shall be filed in the prescribed format and may be filed at any time. Applications must be received by the quarterly due date established by Commission staff.

(b) The ~~New Program Application Registration Requests shall may~~ include at a minimum:

1. general program information, such as the program name, proposed start date, anticipated initial enrollment, itemized tuition and other fees, delivery mode, length, number of credits or contact hours, and accreditation status. ~~When program lengths exceed standard times or program periods established by these rules, the institution must justify expansion of training in terms of exceptional student benefits;~~
2. designation of the credential awarded which conforms to the requirement that no institution may offer instruction leading to an academic degree unless the institution is approved by a regional accrediting body recognized

by the U.S. Department of Education. An exception may be approved by the Executive Director upon recommendation of Commission staff. Any request for exception shall be made in writing and include proof of the following:

- (i) the institution is accredited by an U.S. Department of Education approved accreditor for the specific degree type; the program is accredited by the appropriate accrediting agency if such accreditation is necessary for employment in or licensure by the state; and the institution has articulation and transfer of credit agreements with two (2) regionally accredited institutions both having a physical location in the Southeast region; or
 - (ii) special or unique circumstances;
3. if applicable, evidence of approval from any subject matter expert state agency, board, or commission;
4. a program overview;
- ~~5. syllabi for courses or, for short programs, an outline and description of the training;~~
- ~~65.~~ a job title and the associated Classification of Institutional Programs (CIP) code applicable to the job title;
- ~~76.~~ the most currently available entry level salary or wage data [and job outlook projections](#) for those CIP codes from a Tennessee or federal website;
- ~~87.~~ admission criteria [confirmation and, if necessary, an explanation](#);
- ~~98.~~ instructor qualifications [and, when applicable, School Personnel Applications](#);
- ~~10.~~ [library holdings and in-house resources available to students related to the program](#);
- ~~119.~~ a list of training equipment, indicating whether the equipment is owned or leased;
- ~~12.~~ [a description of how this program is consistent with the institution's mission](#);
- ~~13.~~ [a description of how the institution is structured \(administration, staff and resources\) to ensure educational quality](#);
- ~~1410.~~ if applicable, a list of all clinical or externships sites [with which the institution has an executed agreement](#); ~~with a copy of an affiliation agreement with each site;~~

~~1511.~~ The maximum pupil to teacher ratio for each course. Acceptable ratios, without special permission from the Commission, are as follows:

- (i) lecture: 40-1;
- (ii) allied health and nursing labs: 20-1;
- (iii) class A truck cab: 4:1; and
- (iv) class B truck cab: 2:1;

~~1612.~~ if applicable, distance learning specific information, such as:

- (i) a mock password so that Commission staff can navigate through the online system used for instruction and;
- (ii) an explanation as to how educational goals and overall program goals are achievable through distance learning; and
- ~~(iii) an explanation as to how graduates of the program will exhibit skills and knowledge equivalent to similar residential programs; and~~

~~1713.~~ such other information or clarification deemed necessary by Commission staff.

(c) An institution revises a program when it changes any element of a program that has been approved by registered with the Commission ~~or Commission staff~~, for example, the name of the program, tuition, credit or contact hours, other fees, length, or delivery mode and curriculum, or when it changes the status of the program, for example, inactivates or discontinues the program. Institutions may revise programs as follows:

2. When an institution revises ~~an approved~~ a registered program, by more than twenty-five percent (25%) in the last twelve (12) months or by changing the program delivery mode, name, or credential, then the institution must reregister the program by submitting a Program Registration Request. ~~seek approval from Commission staff by submitting a Program Revision Notification~~ at least thirty (30) days prior to implementing the revision. When calculating twenty-five percent (25%) in the last twelve (12) months, all revisions made to quantifiable program elements in the last twelve (12) months should be totaled. For example, if in the last twelve (12) months, the institution raises tuition by five percent (5%) and adds ten percent (10%) to the program length, then the institution has revised the program by a total of fifteen percent (15%). If within twelve (12) months of these revisions, the institution raises other fees by fifteen percent (15%), then the total of the revisions in the last twelve (12) months is now thirty percent (30%) and the institution must reregister the program by submitting a Program Registration

~~Request. If the program revision amounts to change of more than twenty-five percent (25%) in the last twelve (12) months or if Commission staff determines a significant revision has occurred, then the institution must submit a New Program Application prior to implementing the revision.~~

~~2. In all other instances, an institution may revise a program at its discretion and report the revisions to Commission staff when completing the annual Reauthorization Application or Certification of Compliance.~~

(d) Institutions shall not arbitrarily add a course to an existing program in which a student would incur additional time or expense beyond the catalog requirements at the time of enrollment, unless the addition is in response to:

~~1. demonstrated educational necessity;~~

~~2. a reasonable program completion period elapsed;~~

~~31. state approval agency requirements;~~

~~42. U.S. Department of Education recognized accreditor requirements; or~~

~~53. professional licensure requirements.~~

In any event, the institution shall ~~provide written notification to Commission staff~~ and give adequate notice to all students affected prior to any change.

~~(e) Commission staff will review a Program Registration Request and, upon finding that the registration demonstrates that the institution complies with all requisite standards, register the program by including it or revising it in the postsecondary program inventory. In the event that the Program Registration Request fails to demonstrate that the institution complies with all requisite standards, Commission staff shall defer the registration by providing written notice of the deficiencies to the applicant and providing applicant two (2) opportunities to correct the deficiencies. Following the second failed attempt to correct deficiencies, the program registration will be denied.~~

(6) Change of Location Application:

(a) Absent extraordinary circumstances, an authorized institution shall submit a Change of Location Application thirty (30) days prior to moving. An example of an extraordinary circumstance is the unexpected loss of a lease.

(b) The Change of Location Application shall include at a minimum:

1. the address and general description of facilities such that a determination can be made that the institution has adequate space, equipment, and instructional material ~~to provide education of good quality;~~

2. evidence demonstrating that the location [meets the definition of location as provided for in these rules](#)~~is commercially zoned~~ and that possession of the location is stable such that the institution will be able to use the location for a minimum of one (1) year from the date of application. Month-to-month leases are not acceptable;
3. affirmation that the institution is maintained and operated in compliance with all pertinent ordinances and laws including, but not limited to, rules and regulations adopted pursuant to ordinances and laws, relative to [zoning and the safety and health of all persons upon the premises](#); and
4. such other information or clarification deemed necessary by Commission staff.

(c) [Commission staff will review a Change of Location Application and conduct a site visit, if Commission staff determines a site visit is necessary. Upon finding that the application and site visit, if necessary, demonstrate that the institution complies with all requisite standards, Commission staff will grant the change of location. In the event that the Change of Location Application fails to demonstrate that the institution complies with all requisite standards, Commission staff shall defer the application by providing written notice of the deficiencies to the applicant and providing applicant two \(2\) opportunities to correct the deficiencies. Following the second failed attempt to correct deficiencies, Commission staff will recommend that the Executive Director take adverse action, including but not limited to assessing a fine, placing the institution on conditional authorization status or revoking authorization. Commission staff shall approve the application after it determines that the application is complete and conducts a successful site visit.](#)

(d) If a move is beyond ten (10) miles and a student is prevented from completing the training at the new location, a full refund of all moneys paid and a release from all obligations will be given to the student or loan holder.

(7) School Personnel Application:

(a) Authorized Institutions must provide and maintain qualified faculty and staff in order to fulfill the mission of the institution and all obligations to the students. [Institutional Director Qualifications](#)~~qualifications~~ must be submitted to Commission staff on a School Personnel Application no later than ten (10) business days after the hire date.

1. ~~Unaccredited institutions must submit to Commission staff School Personnel Applications for all instructors and administrative personnel as that term is defined in subparagraph (7)(b) of this rule.~~

2. ~~Institutions accredited by an accrediting body recognized by the U.S. Department of Education must submit to Commission staff School Personnel~~

~~Applications for all administrative personnel as that term is defined in subparagraph (7)(b) of this rule. For each instructor, an accredited institution shall maintain on-site documentation that demonstrates the minimum qualifications and must submit such documentation and a School Personnel Application at any time upon request from Commission staff.~~

(b) Administrative personnel are individuals that oversee areas as outlined in operational and administrative standards. This includes by function, but is not limited to titles of an institutional director; financial aid administrator; director of admissions; director of education; business officer or manager; director of student services (including counseling and placement) and the registrar. Support and clerical staff ~~is-are~~ not included as administrative personnel.

~~(c) Commission staff will review a School Personnel Application and, upon finding that the qualifications of the institutional director meet all requisite standards, approve the application. In the event that the School Personnel Application fails to demonstrate that the qualifications of institutional director meet all requisite standards, Commission staff shall defer the application by providing written notice of the deficiencies to the applicant and providing applicant two (2) opportunities to correct the deficiencies. Following the second failed attempt to correct deficiencies, the application will be denied.~~

~~(8) — Agent Permit Application:~~

~~(a) — Agents must submit an Agent Permit Application, as provided by Commission staff, and must receive approval and an agent permit from Commission staff prior to any solicitation. The application shall include at a minimum:~~

- ~~1. — general contact information for the agent;~~
- ~~2. — recommendations by two (2) reputable persons certifying that the applicant is of good character and reputation;~~
- ~~3. — a surety bond as specified in Rule .09 of these rules; and~~
- ~~4. — certification by the institution director that the applicant will be directed to act in accordance with the Act and these rules.~~

~~(b) — Agent permits must be renewed every year. The expiration date of a permit is one (1) year from the date of issue or immediately upon termination of employment whichever occurs first.~~

~~(c) — Agents must have separate permits to represent separate institutions unless the institutions have common ownership such that the institutions present a common name to the public and have the same mission. Mutual agreement by institutions is required.~~

~~(d) All agents must verify by signature that they have read and are familiar with rules on advertising and solicitation and must verify intent to follow rules as set forth in Fair Consumer Practices.~~

(98) Institution Name Change Application:

(a) An authorized institution shall submit an Institution Name Change Application thirty (30) days prior to changing the institution's name unless the name change is the result of a change of ownership. In the case of a change of ownership, the authorized institution shall submit a Change of Ownership Application.

(b) The Institution Name Change Application shall include at a minimum:

1. updated contact information;
2. a proposed new name of the institution that is compliant with these rules;
3. updated surety bond information;
4. an updated copy of the pre-enrollment checklist, enrollment agreement, and catalog; and
5. such other information or clarification deemed necessary by Commission staff.

~~(c) Commission staff will review Institution Name Change Application and, upon finding that the application demonstrates that the institution complies with all requisite standards, Commission staff will grant the change of name. In the event that the Institution Name Change Application fails to demonstrate that the institution complies with all requisite standards, Commission staff shall defer the application by providing written notice of the deficiencies to the applicant and providing applicant two (2) opportunities to correct the deficiencies. Following the second failed attempt to correct deficiencies, the application will be denied.~~

(9) Certification of Compliance

~~(a) Annually during the authorization term, institutions with regular or conditional authorization shall file a Certification of Compliance by a due date to be established by Commission staff and posted on the Commission's website.~~

~~(b) The Certification of Compliance shall require at a minimum that the institution self-certify that it is engaged in activities and operations in compliance with the Act and these rules, the institution provide an updated comprehensive program list, and the certification must be signed by the institutional director and, if other than the institutional director, the owner or a representative thereof.~~

(c) Commission staff will review a Certification of Compliance and, upon finding that the certification demonstrates that the institution complies with all requisite standards, notify the institution of such. In the event that the Certification of Compliance fails to demonstrate that the institution complies with all requisite standards, Commission staff shall defer the Certification of Compliance by providing written notice of the deficiencies to the institution and providing the institution two (2) opportunities to correct the deficiencies. Following the second failed attempt to correct deficiencies, Commission staff will recommend that the Executive Director take adverse action, including but not limited to assessing a fine, placing the institution on conditional authorization status or revoking authorization.

(10) Exemption Determination Request

(a) The Exemption Determination Request may include at a minimum:

(1) full contact information for the requestor;

(2) the statutory or rule citation justifying exemption

(3) an argument applying the statutory or rule citation to operations of the requestor;

(4) documentation supporting the requested exemption such as: copies of all institutional materials; brochures; advertising; state charter or business license; or organizational ties and/or contracts with other educational providers;

(5) such other information or clarification deemed necessary by Commission staff.

(b) Commission staff will review an Exemption Determination Request and, upon finding that the exemption as requested is justified by statute or rule, notify the institution of such. In the event that Commission staff requires additional information, Commission staff shall defer the Exemption Determination Request by requesting such information and providing the institution two (2) opportunities to correct the deficiencies. Following the second failed attempt to correct deficiencies, the Exemption Determination Request will be denied.

Authority: T.C.A. §§ 49-7-2005, 49-7-2006, 49-7-2007, 49-7-2008 and 49-7-2013.

1540-01-02-.08 REGULATIONS FOR SPECIFIC INSTITUTIONS AND PROGRAMS.

(1) Degree Granting Institutions:

(a) Authorization to offer any degree in the state will require either institutional accreditation by a U.S. Department of Education recognized accreditor or authority to grant degrees by affirmative vote of the Commission.

- (b) Unaccredited institutions seeking authority to grant degrees must meet, in addition to the requirements in the Act and these rules for initial authorization, at a minimum:
 - 1. the institution shall incorporate instructional procedures, texts, and materials appropriate to the purpose, curriculum and standards of other degree granting postsecondary educational institutions offering similar programs in the state;
 - 2. for undergraduate and degree granting programs and except as noted further in subparagraph (c) of this rule, twenty-five percent (25%) of the total program must be in general education courses and should be indicated separately in the curriculum presented;
 - 3. library resources and holdings shall contain up-to-date titles, be available and accessible to all enrolled students and commensurate with the proposed degree level;
 - 4. demonstration that the degree and the program has merit and value academically, professionally, or vocationally in Tennessee; and
 - 5. master and doctorate level degrees must demonstrate in the curriculum and outcomes increasing levels of critical, analytical, and interpretive thinking, use of primary documents or resources, and independent research skills.
 - (c) Undergraduate degree programs must include at least twenty-five percent (25%) of the program in general education courses unless the institution can demonstrate program accreditation requirements which are lesser or for an unaccredited institution offering or proposing an associate degree level, demonstrate to the Commission that because of the occupational/technical nature of the program that a student would not benefit in the job from general education courses and demonstrate the need to use that twenty-five percent (25%) of the program for job skills courses.
 - (d) Graduate degree programs, in addition to staffing and study time requirements in these rules, must provide experienced research staff to direct graduate research papers, provide a program of sufficient length and arrangement to facilitate student-to-student and student-to-staff exchange of ideas, provide appropriately credentialed staff in collateral areas, and provide access to a wide range of current reference materials in the subject field.
- (2) Unaccredited institutions shall not accept funds for tuition prior to ten (10) business days of the scheduled start date of the course or program.
 - (3) Bartending institutions:

- (a) Pursuant to T.C.A. § 49-7-115, all schools involved in training in the areas of management, operation, procedures, or practice of dispensing alcoholic beverages or bartending shall include instruction in the problems of alcohol abuse and the effect of alcohol consumption on highway safety.
- (4) Programs leading to licensure, certification, registration or similar recognition:
 - (a) Successful completion of an examination given by a private or public third-party cannot be part of an institution's program or be a completion requirement. For example, a truck driving program cannot include successful completion of the Commercial Driver's License examination.
 - (b) Institutions offering programs in fields that require a student to take an examination in order to be licensed or similarly recognized before the student can be employed in the field shall provide as part of the Reauthorization Application student-level data as to:
 - 1. whether the student sat for the examination; and
 - 2. whether the student passed the examination.
 - (c) Institutions may request a waiver from Commission staff of subparagraph (4)(b) of this rule. Commission staff shall grant the waiver upon receipt of documentation from the institution demonstrating that the examination provider or related state agency will not provide testing data to the institution.
- (5) For programs of interest to other state agencies, such as dental programs, Commission staff will endeavor to streamline processes when a subject matter expert state agency has a law that is contrary or duplicitous of the Act or these rules.
- (6) Computer Training:
 - (a) Businesses offering specialized certifications clearly used to denote technical, professional or vocational proficiency toward an additional vocational goal or new job title must be authorized for operation of that training in the state.

Authority: T.C.A. §§ 49-7-2003, 49-7-2005, and 49-7-2008.

1540-01-02-.09 BONDS.

- (1) Institutions must, on forms provided by the Commission, secure for student indemnification purposes, from a surety company qualified and authorized to do business in Tennessee, a continuous surety bond in the amount of:
 - (a) ~~ten thousand dollars (\$10,000), for in-state institutions, out-of-state public institutions and all institutions providing primarily religious instruction, and~~

- ~~(b) twenty thousand dollars (\$20,000) for all other institutions, including out-of-state private institutions.~~
- ~~(2) Out-of-state institutions must, on forms provided by the Commission, secure a surety bond for agents in the amount of five thousand dollars (\$5,000) per agent from a surety company qualified and authorized to do business in Tennessee with the institution as principal.~~
- (32) Institutions must provide a bond for each authorized location.
- (43) Subject to Commission staff approval, an irrevocable letter of credit secured by a certificate of deposit or a cash deposit with a bank may be accepted in lieu of the bond. Such deposits are subject to the same terms and conditions provided for in the surety bond form.
- (4) Commission staff shall provide the institution at least thirty (30) days written notice that authorization shall be made conditional, subject to revocation, by operation of law when the institution is no longer covered by a surety bond. Absent exceptional circumstances, a postsecondary educational institution shall not continue to engage in activities or operations without a surety bond for more than ninety (90) days.

Authority: T.C.A. §§ 49-7-2005 and 49-7-2013.

1540-01-02-.10 AUDITS.

- (1) Commission staff may conduct audits to ensure compliance with the Act and these rules. Audits may be performed at the institution's authorized location or by requesting that the institution forward copies of student records to Commission staff. In the case of the latter, the provided records will be retained by Commission staff as working papers but will be destroyed when the audit is closed.
- (2) Commission staff may audit an authorized institution at any time without notice to the institution. However, unless the circumstances mandate that no notice can or should be given, Commission staff should provide at least seventy-two (72) hours' notice. Notice shall be given by email to the institutional director.
- (3) Failure to comply with any audit request may be an audit finding and result in adverse action against the institution.
- (4) Commission staff will provide the institution with an audit report that lists any findings and the frequency. The report shall require the institution to propose corrective action for all findings or to show cause why the Executive Director or Commission should not take adverse action.
- (5) Tuition increases that in the opinion of the Commission are excessive, unreasonable or exceed initial disclosure to students may result in an in-depth audit of the institution's financial stability.

Authority: T.C.A. §§ 49-7-2005, 49-7-2006, and 49-7-2014.

1540-01-02-.11 INSTITUTION CATALOG.

- (1) Each institution must publish a catalog that includes at a minimum:
 - (a) the name and address of the institution;
 - (b) identifying data, such as catalog number and publication date;
 - (c) table of contents;
 - (d) names of owners and officers, including any governing boards, and faculty with credentials for position;
 - (e) the institutional calendar, including holidays, enrollment periods and the beginning and ending dates of terms, courses, or programs;
 - (f) the institutional enrollment procedures and entrance requirements, including late enrollment, if permitted;
 - (g) the institutional attendance policy, including minimum attendance requirements, how attendance will be determined, the circumstances under which a student will be interrupted for unsatisfactory attendance, and the conditions under which a student may be readmitted;
 - (h) the institutional policy covering satisfactory progress, including an explanation of any grading system used, a description of any probation policy, and a description of the institutional system for making progress reports to students;
 - (i) the institutional policy regarding student conduct, including causes for dismissal and conditions for readmission;
 - (j) a description of each program offered including objectives, costs, length, program components or course requirements, or in the case of correspondence instruction, the number of lessons;
 - (k) a description of the placement assistance available and, if none, so state;
 - (l) a description of the facilities and equipment used for educational programs;
 - (m) the policy concerning credit granted for previous education, training, and experience and, if none, so state;

- (n) the refund and cancellation policy, including the procedure for determining the official date of termination, the time within which a refund will be provided, and how a refund must be requested;
 - (o) a statement provided within the first four pages of the catalog which reads as follows: "The (name of institution) is authorized by the Tennessee Higher Education Commission. This authorization must be renewed each year and is based on an evaluation of minimum standards concerning quality of education, ethical business practices, and fiscal responsibility";
 - (p) a description of the student grievance procedure, including
 1. the title, address, and telephone number of the institutional employee designated to receive student complaints;
 2. if applicable, the process for escalating or appealing a complaint;
 3. if the institution allows for nonbinding mediation or voluntary arbitration, the catalog must describe the process in its entirety; and
 4. the address and telephone number of Commission staff along with a statement that reads: "Any person claiming damage or loss as a result of any act or practice by this institution that may be a violation of the Title 49, Chapter 7, Part 20 or Rule Chapter 1520-01-02 may file a complaint with the Tennessee Higher Education Commission, Division of Postsecondary State Authorization."
 - (q) a disclosure regarding the ability to transfer credit earned to another institution, with language sufficient to describe limitations on the transfer of credit. Institutions have a responsibility to advise potential enrollees that transfer of credit is controlled by the receiving institution and that accreditation does not guarantee transferability. Suggested language is as follows:

"(name of institution) is a special purpose institution. That purpose is (institution's mission statement). Students should be aware that transfer of credit is always the responsibility of the receiving institution. Whether or not credits transfer is solely up to the receiving institution. Any student interested in transferring credit hours should check with the receiving institution directly to determine to what extent, if any, credit hours can be transferred.";
 - (r) the cash discount policy, if offered to students; and
 - (s) the ATB testing policies, if any, along with the admissions policies.
- (2) Institutions may provide electronic catalogs to students as long as the institution provides the student a hard-copy upon the student's request.

- (3) Use of supplemental pages must be done in a way as to ascertain that supplemental pages become an effective part of the catalog and must show an effective date and be presented to students prior to enrollment or payment of fees;
- (4) Catalogs should be written at a level that allows prospective enrollees to comprehend the information and make informed decisions.

Authority: T.C.A. §§ 49-7-2002, 49-7-2005, 49-7-2006 and 49-7-2008.

1540-01-02-.12 ADMISSIONS STANDARDS.

- (1) The admissions policy for students must be based on the institution's objectives and must be publicly stated and administered as written.
- (2) An institution should not enroll a student in a program leading to licensure when the institution knows or, by the exercise of reasonable care, should know the student is or will be ineligible to obtain licensure in the occupation for which the student is being trained. For example, an institution should not admit a student if the institution knows the student has a prior legal conviction that will prevent the student from obtaining licensure. If a student who is ineligible or likely to be ineligible for licensure desires to enroll in such a program, regardless of license eligibility, the institution may admit the student after the student submits a signed, written statement acknowledging the student is or is likely to be ineligible for licensure. The institution shall provide the student a copy of the statement and maintain the original in the student's file.
- (3) Basis of admission shall be at a minimum:
 - (a) Students enrolling in a certificate or diploma program must possess a high school diploma, a high school diploma equivalency, a current Tennessee license in the field for which the training is intended, postsecondary credit in a degree program, or, subject to subparagraph (3)(d) of this rule, a passing score on an ATB test.
 - (b) Students enrolling in an associate or bachelor degree program must possess, at a minimum, a high school diploma, a high school diploma equivalency, or postsecondary credit in a degree program.
 - (c) Students enrolling in a post-baccalaureate program must possess, at a minimum, a baccalaureate degree from an institution judged to be appropriate by the Commission.
 - (d) A student may be admitted as an ATB student if the student has terminated secondary enrollment and is beyond the age of compulsory attendance. An institution may use either a standardized test formerly or currently recognized by the U.S. Department of Education or, if such a test is not applicable to the particular subject matter of the program, a test developed by the institution. In either case, the institution shall request approval from Commission staff before using the test and

shall state the minimally acceptable scores and the maximum number of attempts allowable in a given period of time, for example, three(3) times in a six (6) month period. The following applies to all ability-to-benefit tests:

1. Tests shall be administered in a secure environment, for example, monitors present.
 2. Tests shall not be administered in a manner that is inconsistent with the recommendations of the standardized test developers.
 3. An agent is not allowed to administer the test, nor is anyone allowed to assist the applicant in answering the questions.
- (4) Proof of the basis of admission shall be maintained in the student file in accordance with Rule .15 of these rules.

Authority: T.C.A. §§ 49-7-2005 and 49-7-2008.

1540-01-02-.13 ENROLLMENT CHECKLISTS, AGREEMENTS, AND DISCLOSURES.

- (1) Pre-Enrollment Checklist: Prior to signing an enrollment agreement, institutions shall require an institution representative and the prospective student to sign and date a pre-enrollment checklist. The document must clearly indicate that it is the pre-enrollment checklist, include the full and correct name and address of the authorized location of the institution, and, if multiple pages, be paginated using the format “__ of __ pages.” The checklist shall include, at a minimum affirmations that the student:
 - (a) toured the institution (not applicable to institutions that deliver all instruction through distance learning);
 - (b) received an institution catalog and if provided electronically understands that the student may request a hard-copy of the catalog at any time;
 - (c) was given the time and opportunity to review the institutional policies in the catalog;
 - (d) knows the length of the program for full-time and part-time students in academic terms and actual calendar time;
 - (e) has been informed of the total tuition and other fees of the program;
 - (f) has been informed of the estimated cost of books and any required equipment purchases such as a computer, specialized tools, or art supplies;
 - (g) has been given a copy of the institution refund policy;
 - (h) has executed a Transfer of Credit Disclosure Statement in compliance with T.C.A. § 49-7-144 and understands the specific limitations should the institution have

articulation agreements;

(i) has been given the address and telephone number of Commission staff along with a statement that reads: "Any person claiming damage or loss as a result of any act or practice by this institution that is a violation of the Title 49, Chapter 7, Part 20 or Rule Chapter 1520-01-02 may file a complaint with the Tennessee Higher Education Commission, Division of Postsecondary State Authorization."; and

(j) has received the most recent withdrawal, completion, and placement data as calculated by the Commission by including in the checklist:

1. the following statement: "For the program entitled, (program name), I have been informed that, for the July (year)/June (year) period, the withdrawal rate is (percent)%, the completion rate is (percent)%, and the in-field placement rate is (percent)%. Detailed statistical data for this program may be viewed by going to /topic/authorized-institutions-data.";
2. a chart listing all approved program names and the related percentage rates for withdrawal, completion, and in-field placement, identifying the July/June reporting period, and stating that "detailed statistical data for all approved programs may be viewed by going to <http://www.tn.gov/thec/topic/authorized-institutions-data>"; or
3. a copy of the institution's most recent Annual Performance Report created by Commission staff and posted on the Commission's website.

(k) has received and understands the institution's cash discount policy (applicable only to those institutions that have a cash discount policy).

(2) Enrollment Agreement: Institutions enrolling an individual in a course or program shall require an institution representative and the prospective student to sign and date an enrollment agreement prior to the student attending one (1) session of class, turning in one (1) assignment, or receiving one (1) distance learning lesson, whichever occurs first. The document must clearly indicate that it is the enrollment agreement (not an application for admissions), and, if multiple pages, the pages of the enrollment agreement shall be paginated using the format " __ of __ pages."

(a) The enrollment agreement shall include, at a minimum:

1. the full and correct name and address of the authorized location of the institution;
2. the name, address, and social security number or unique student identification number of the student;
3. the date training is to begin and program length;

4. if students have the option to attend part-time, full-time or part-time status of the student;
 5. the projected date of completion;
 6. the program name as approved by the Commission;
 7. the total cost of the program, including itemized costs for tuition and the approximate costs for other fees;
 8. cancellation and refund policy;
 9. verification that by signing the agreement the student understands the student's right to receive an exact signed copy of the agreement,
 10. verification that by signing the agreement the institution understands its obligation to immediately provide the student an exact signed copy of the agreement;
 11. a guarantee of tuition cost for twelve hundred (1200) contact hours or twelve (12) months from the time of enrollment; programs less than twelve hundred (1200) contact hours must have a set total tuition; and
 12. The following statement: "The (name of institution) is authorized by the Tennessee Higher Education Commission. This authorization must be renewed each year and is based on an evaluation of minimum standards concerning quality of education, ethical business practices, and fiscal responsibility."
- (b) Institutions that enroll students in individual courses may modify the pre-enrollment checklist or enrollment agreement as appropriate, but should strive to make as few modifications as necessary.
- (3) Transfer of Credit Disclosure Statement: Prior to signing an enrollment agreement and the pre-enrollment checklist, institutions shall require the student to complete a Transferability of Credit Disclosure Statement.
- (a) The written statement must be:
1. a stand-alone document containing no other disclosures;
 2. contain a space for the prospective student to initial and date; and
 3. printed in type not less than sixteen (16) point font; and

4. contain the exact language in T.C.A. § 49-7-144(b)(2), except that institutions offering contact hours only may substitute the word contact for credit.
- (b) Institutions shall post the disclosure on its website, but the language does not have to be in at least sixteen (16) point font.

Authority: T.C.A. §§ 49-7-2005, 49-7-2006, 49-7-2008, 49-7-2019 and 49-7-144.

1540-01-02-.14 FINANCIAL STANDARDS.

- (1) The Commission and its staff may share information with the Tennessee Student Assistance Corporation and other state and federal agencies as appropriate.
- (2) The institution shall maintain financial and business practices in-line with common business procedures utilizing standard accounting practices.
- (3) The institution shall maintain and be prepared to demonstrate at any time financial resources adequate to fund and maintain the following:
 - (a) facility maintenance and overhead;
 - (b) staff and faculty payroll;
 - (c) books, supplies or equipment utilized by students; and
 - (d) general operating costs.
- (4) As part of reauthorization, authorized institutions must file financial statements for the most recently completed fiscal year as follows:
 - (a) Institutions with annual gross tuition revenue at the authorized location of one million dollars (\$1,000,000) or more shall submit audited financial statements prepared in accordance with the Generally Accepted Accounting Principles by an independent certified public accountant.
 - (b) Institutions with annual gross tuition revenue at the authorized location of less than one million dollars (\$1,000,000) but more than one hundred thousand dollars (\$100,000) shall submit a reviewed balance sheet and income statement prepared in accordance with the Generally Accepted Accounting Principles by an independent certified public accountant.
 - (c) Institutions with annual gross tuition revenue at the authorized location of one hundred thousand dollars (\$100,000) or less shall submit a balance sheet and income statement using forms prepared by Commission staff as long as those forms are completed by an independent certified public accountant or a bookkeeper certified by the National Association of Certified Public Bookkeepers.

- (d) As an alternative to subparagraphs (5)(a) through (c) of this rule, institutions owned by the same parent company may submit an audited consolidated corporate financial statement. The audited consolidated statement shall be prepared in accordance with the Generally Accepted Accounting Principles by an independent certified public accountant. Commission staff, ~~the Committee~~, or the Commission may request additional campus or institution-specific information where needed to better understand the financial stability of a single authorized location or to protect the public interest.
- (5) The following is applicable to all financial statements:
- (a) The balance sheet must reflect the owner's (proprietorship, partnership, corporation, or other) assets and liabilities.
 - (b) The institution shall report total revenue on the income statement; however, total tuition revenue must be delineated.
 - (c) Related parties must be disclosed, including, but not limited to, related party footnotes, debt agreements with owners, and supplemental footnotes on separate campuses or branches are expected.
 - (d) It should be noted whether or not tuition revenue is recognized up front or on a pro rata basis.
 - (e) Within three (3) years from initially receiving authorization, neither the ratio of total revenues to total expenditures nor the ratio of current assets to current liabilities of either the authorized location or the parent company, where applicable, shall be less than 1:1 without convincing explanation.
 - (f) An Institution shall elect during reauthorization whether it will rely on the financial statements of the authorized location or the parent company and must use the financial statements of the elected entity for at least three (3) consecutive years.
- (6) When there are questions about the institution's financial stability, the Commission may require the institution to file appropriate financial statements, which may include audited statements prepared in accordance with the Generally Accepted Accounting Principles by an independent certified public accountant, for the authorized location or the parent company.
- (7) All institutions must maintain a business account with a financial institution that is federally insured in said institution's name.

Authority: T.C.A. §§ 49-7-2005, 49-7-2006 and 49-7-2015.

1540-01-02-.15 INSTITUTION AND STUDENT RECORDS.

- (1) Institutional directors must maintain on-site a current copy file of materials filed with the Commission as part of their current authorization which includes the application,

documentation of appropriate bonding, [and](#) financial reports, ~~and agent permit documentation.~~

- (2) Institutions shall retain for three (3) years a record of student complaints that follow the institution grievance process, including a copy of the complaint, any investigatory documents, and a statement of the matter's disposition.
- (3) Student financial records must be maintained and open for inspection and copying by Commission staff in accordance with applicable confidentiality laws.
- (4) For each student, the institution must maintain an up-to-date reconciled account statement as a separate document. The statement must:
 - (a) clearly reflect the balance due the institution or student;
 - (b) all charges and payments;
 - (c) the reason for the debit or credit, for example, student cash payment, loan payment, tuition waiver, technology fee, or tuition charged; and
 - (d) all tuition charges must clearly indicate the period of enrollment for which the student is being charged, for example, if the program is a four (4) month program but the tuition charged is for one (1) month, the account statement might read "Tuition Charged for Month 1."
- (5) Institutions must maintain a file for each student enrolled in a program or course for three (3) years after the student's withdrawal from or completion of the program or course of enrollment. The file shall contain at a minimum:
 - (a) the executed transferability of credit disclosure statement required by T.C.A. § 49-7-144 and Rule .13(3) of these rules;
 - (b) documentation evidencing the student's basis for admission as provided for in paragraph (6) of this rule;
 - (c) the executed pre-enrollment checklist;
 - (d) the executed enrollment agreement;
 - (e) an exhibit of the institution's enforcement of standards acceptable to the Commission related to attendance, academic satisfactory progress, and proper documentation of any leave of absence (LOA) that may affect progress; and
 - (f) written records of the previous training and education of the applicant student which clearly indicates the appropriate credit which has been given by the institution for previous training and education.

- (6) Sufficient basis of admission documentation for purposes of the student file is as follows:
- (a) If the basis of admission is successful completion of an ATB test, then the student file shall contain a copy of the scored test or a graded score sheet.
 - (b) If the basis of admission is a high school diploma or equivalency, then the student file shall contain:
 - 1. an official transcript from the high school or other government body, such as a county school board;
 - 2. an official high school equivalency transcript or GED score sheet from the appropriate issuing entity; or
 - 3. an official military document indicating that the student completed high school such as an Enlisted Record Brief.
 - (c) If the basis of admission is a Tennessee license in the field for which the training is intended, then the student file shall contain verification of current licensure from the issuing Tennessee subject matter expert agency, such as a current screenshot from the agency's website.
 - (d) If the basis of admission is postsecondary credit in a degree program, then the student file shall contain an official transcript from a postsecondary educational institution indicating that credit in a degree program was awarded to the student.
 - (e) If the basis of admission is a bachelor's degree or higher credential, the student file shall contain an official copy of the transcript from the postsecondary educational institution indicating that the student received the credential.
 - (f) If a transcript is from an institution outside the United States, documentation from a transcript translation service indicating that the education obtained is the equivalent of the applicable United States credential and, if necessary, a translated transcript.
- (7) Official documentation is a statement of the student's academic record received directly from the issuing institution or agency such as a transcript or score sheet. Paper transcripts printed on security sensitive paper that contains the issuing institution's seal or signature of an official from the institution is acceptable admission documentation. Electronic transcripts or scores sheets not printed on security sensitive paper must include indicia that the transcript or score sheet was received directly from the issuing institution or agency such as accompanying email correspondence or the envelope.
- (8) Institutions shall maintain for the life of the institution a transcript or a certificate for each student previously or currently enrolled in a program offered by the institution. Institutions may only use certificates with well-defined short term programs, such as bartending and truck driving, where there is no separation of courses by subject content. Institutions offering programs where a subject matter expert agency requires that the institution

maintain a transcript must do so.

(a) Transcripts shall be in a form that permits easy and accurate review by the student, transfer institutions, potential employers, and other state or federal agencies. The transcript shall include at a minimum the:

1. complete name and address of the authorized location of the institution;
2. full name of student;
3. last four digits of the student's social security number;
4. program name as approved by the Commission;
5. status of student, for example, active, withdrawn, probation, leave of absence, or graduate;
6. official date recorded for all student withdrawals and graduations;
7. beginning date or academic term with the year for each course attempted;
8. as applicable to the type of institution, credit or contact hours attempted and earned;
9. name of each course and, if any, the course number as listed in the institution catalog along with the corresponding grade received;
10. indication of credits given by transfer from another institution or credit by exam;
11. cumulative Grade Point Average (GPA);
12. date the transcript was last updated and/or printed; and
13. signature of an institution official.

(b) Certificates shall be in a form that permits easy and accurate review by the student, transfer institutions, potential employers, and other state or federal agencies. The certificate shall include at a minimum the:

1. complete name and address of the institution;
2. full name of student;
3. program or department of enrollment;
4. a certificate award date; and

5. the signature of an institution official.
- (9) In lieu of hard copies of transcripts and certificates, an institution may maintain transcripts and certificates by electronic storage provided that the institution has a process for maintaining an up-to-date backup of the information in a separate system or at a different location. Commission staff must have complete and easy access to review student transcripts and certificates during site visits and audits such that the institution can print any requested records upon request.

Authority: T.C.A. §§ 49-7-2005, 49-7-2006 and 49-7-2016.

1540-01-02-.16 PERSONNEL AND INSTRUCTOR QUALIFICATIONS.

- (1) Administrative personnel and instructors shall meet all qualifications listed in this rule. Evidence of education, experience, or training, such as official transcripts, for each personnel must be maintained on-site at the authorized location. Institutions must submit a copy of this evidence at any time upon receiving a request from Commission staff.
- (2) The method of administration and procedure for staff selection must be defined in a way that each employee has specific duties and responsibilities.
- (3) Administrative personnel at an authorized institution must be graduates of an accredited college or university or have sufficient background and training in the administrator's area of responsibility. If the institution employs a director of education, that director shall possess a post-baccalaureate degree or the highest educational credential offered by the institution, whichever is higher.
- (4) Institutional Directors:
 - (a) Each institution must designate one person as the institutional director. The institutional director is responsible for ensuring that the conduct of the institution and its agents is in compliance with the Act and these rules. The institutional director shall serve as the official contact for all correspondence and business conducted between the institution and the Commission, ~~the Committee~~, or Commission staff.
 - (b) Institutional owners ~~or the controlling board~~ must ensure that each authorized location has an institutional director at the authorized location for at least fifty percent (50%) of the operational time each week the school has students present unless other provisions have been approved by Commission staff.
 - (c) The institutional director implicitly accepts knowledge of and responsibility for compliance with the Act and these rules including, but not limited to, advertising, records, contracts, required benchmarks, annual due dates, and fee payments.
 - (d) The institutional director at an authorized institution must:

1. be a graduate of an accredited college or university with at least one (1) year experience in administration or institutional management; or
2. the total years of administration or institutional management experience in postsecondary education shall equal at least five (5) years.

(5) Instructors:

- (a) Instructional staff for all institutions must be selected at a minimum on the basis of these rules.
- (b) Instructors in a trade related or specific skill area must have documented proficiency and practical applied experience in that trade or skill.
- (c) An instructor must hold the appropriate license if the subject is a vocation requiring licensure.
- (d) An instructor must be qualified by education and experience/background and must meet at a minimum the following qualifications:

1. Doctorate level courses:

- (i) Hold a doctorate degree from a college or university judged to be appropriate by the Commission and either:
 - (I) a doctorate degree with a major or concentration in the subject area to be taught; or
 - (II) a doctorate not in the subject area but with a minimum of one (1) year of practical experience within the last five (5) years in the subject area to be taught and completion of nine (9) semester hours or twelve (12) quarter hours of doctoral level courses in the subject.

2. Masters level courses:

- (i) Hold a masters or higher degree from a college or university judged to be appropriate by the Commission and either:
 - (I) a masters or higher degree with a major or concentration in the subject area to be taught; or
 - (II) a masters or higher degree not in the subject area but with a minimum of one (1) year of demonstrated practical experience within the last five (5) years in the subject area to be taught and completion of nine (9) semester hours or twelve (12) quarter hours in graduate level courses in the

subject.

3. Baccalaureate level courses:

- (i) Hold a baccalaureate or higher degree from a college or university judged to be appropriate by the Commission and either:
 - (I) a baccalaureate or higher degree with a major or concentration in the subject area to be taught; or
 - (II) a baccalaureate or higher degree not in the subject area but with a minimum of one (1) year of demonstrated practical experience within the last five (5) years in the subject area to be taught and completion of nine (9) semester hours or twelve (12) quarter hours in the subject. Additional years of documented experience in the subject area may be substituted for semester/quarter hour requirements.

4. Associate level courses:

- (i) Meet the minimum requirements for doctorate, masters or baccalaureate level; or
- (ii) Hold an associate degree from a postsecondary institution judged to be appropriate by the Commission and either:
 - (I) an associate degree with a concentration in the subject to be taught and one (1) year of practical experience; or
 - (II) an associate degree not in the subject area but with a minimum of two (2) years of practical experience within the last five (5) years in the subject area to be taught and satisfactory completion in a postsecondary educational institution of nine (9) semester hours or twelve (12) quarter credit hours in the subject area to be taught. Additional years of documented experience in the subject area may be substituted for semester/quarter hour requirements.

5. Diploma and certificate level courses or programs:

- (i) Meet the minimum requirements for doctorate, masters or baccalaureate or associate level; or
- (ii) Hold a high school diploma or GED and a certificate of completion from a postsecondary institution judged to be appropriate by the Commission in a relevant subject area and a minimum of three (3) years of practical experience within the last seven (7) years in the

subject area to be taught. Additional years of documented experience in the subject area may be substituted for the postsecondary educational requirements.

6. General education courses: All general education courses must be taught by holders of baccalaureate degrees with at least twenty-five percent (25%) of the general education staff with, at minimum, earned masters degrees.
- (6) The Executive Director may approve a variance from the specific qualifications in paragraph (5) of this rule with sufficient justification and an assurance that the program quality will not be lessened. In such a situation, the institutional director must submit written justification and documentation with the School Personnel Application submission. In addition the instructor must be institutionally evaluated at the close of the first instructional period for effectiveness and quality. This evaluation shall be made available to Commission staff upon request.
 - (7) Instructors shall be evaluated at least annually by students, as well as the director or chief academic/instructional officer, and the institution shall have on file at the campus evidence of such evaluations.
 - (8) Agents:
 - (a) An institution is responsible for any representations or misrepresentations, expressed or implied, made by the agent.
 - (b) Any student solicited or enrolled by an ~~non-permitted~~ agent whose actions are in contravention with these rules is entitled to a refund from the institution of all moneys paid. Upon payment by the institution, the student shall release the institution from any further obligations to the student, and a release of all obligations by the institution. Any contract signed by a prospective student as a result of solicitation or enrollment by ~~a non-licensed an~~ agent shall be null and void and unenforceable at the option of the student. In cases where the institution is willing to honor the contract and the student wishes the contract enforced, it can be. However, in cases where the contract has been fully executed between the institution and the student, the student ~~would not be~~ is not entitled to a refund solely because ~~he or she~~ the student was improperly solicited or enrolled by ~~a non-permitted an~~ agent.
 - (c) An agent is prohibited from inappropriate activities in procuring enrollees including, but not limited to, the following:
 1. administering the admission test;
 2. advising students about financial aid other than informing the student of the general availability of financial assistance;
 3. giving false, misleading, or deceptive information about any aspect of the

institution's operation, job placement, or salary potential;

4. representing that a program has sponsorship, approval, characteristics, uses, benefits, or qualities which it does not have; ~~or~~
5. soliciting enrollments in a program which has not been approved by the Commission; or
6. otherwise acting in contravention of these rules.

~~(d) — An agent must display the current permit to all prospective students and other interested parties.~~

Authority: T.C.A. §§ 49-7-2002, 49-7-2005, 49-7-2006, 49-7-2009 and 49-7-2011.

1540-01-02-.17 CANCELLATION AND REFUND POLICY.

- (3) All authorized institutions must comply with the laws of the local, state, and federal government concerning cancellations and refunds and must revise all policies and practices if laws are revised.
- (4) Each authorized institution shall have a fair and equitable refund policy which governs the repayment of institution charges assessed a student when:
 - (a) the student does not begin classes for the period of enrollment for which he or she was charged; or
 - (b) the student withdrawals, drops out, is expelled from the institution, or otherwise fails to complete the period of enrollment for which he or she was charged.
- (3) An authorized institution may use the following refund policies:
 - (a) the default refund policy contained in paragraph (4) of this rule;
 - (b) an institution policy, as long as the refund due a student pursuant to that policy is equal to or greater than the refund due according to the default refund policy; or
 - (c) a refund policy mandated as a condition for students of the institution to participate in a governmental student assistance program, such as Veterans Benefits.
- (4) The default refund policy is as follows:
 - (a) If a student withdraws from the institution on or before the first day of classes, or fails to begin classes, the refund shall equal the sum of all refundable fees paid and, if the student has institutional loans, forgiveness of the amounts owed by the student for the period of enrollment for which the student was charged, less an administrative fee of one hundred dollars (\$100.00);

- (b) A student who withdraws at any time is entitled to a full refund of any fee, regardless of whether the fee is included in tuition, paid to the institution for tangible goods or services not delivered to or fully provided to the student;
 - (c) In addition to subparagraph (4)(b) of this rule, if after classes have commenced and before expiration of ten percent (10%) of the period of enrollment for which the student was charged, a student withdraws, drops out, is expelled, or otherwise fails to attend classes, the refund shall equal seventy-five percent (75%) of all refundable fees paid and, if the student has institutional loans, forgiveness of the loan amount in excess of the twenty-five percent (25%) the student owes the institution, less administrative fee of one hundred dollars (\$100.00);
 - (d) In addition to subparagraph (4)(b) of this rule, if after expiration of ten percent (10%) of the period of enrollment for which the student was charged, and before expiration of twenty-five percent (25%) of the period, a student withdraws, drops out, is expelled, or otherwise fails to attend classes, the refund shall equal twenty-five percent (25%) of all refundable fees paid and, if the student has institutional loans, forgiveness of the loan amount in excess of the seventy-five percent (75%) the student owes the institution, less administrative fee of one hundred dollars (\$100.00); or
 - (e) In addition to subparagraph (4)(b) of this rule, if after expiration of twenty-five percent (25%) of the period of enrollment for which the student was charged, a student withdraws, drops out, is expelled, or otherwise fails to attend classes, the student may be deemed obligated for one hundred percent (100%) of the tuition and other fees charged by the institution.
 - (f) For a student who cannot complete one or more classes because the institution discontinued such a class during a period of enrollment for which the student was charged, the institution shall refund the sum of all refundable fees paid and, if the student has institutional loans, forgive the amounts owed by the student.
- (5) When computing refunds pursuant to the default refund policy, the last day of attendance for a student shall be one of the following:
- (a) the date on the expulsion notice if a student is expelled from the institution;
 - (b) the date the institution receives a written notice of withdrawal from a student;
 - (c) when no written notice of withdrawal is given, the institution shall use the last day of attendance as the date of withdrawal; or
 - (d) the date the student fails to return from an approved leave of absence.
- (6) Pursuant to Rule .15(4) of these rules, the reconciled account statement must indicate the period of enrollment for which the student is being charged for each tuition charge. If the

institution does not maintain the requisite account statement or the reconciled account statement does not clearly indicate the period of enrollment for which the student is being charged, the institution shall be liable for all refundable fees paid by or on behalf of the student.

Authority: T.C.A. §§ 49-7-2005, 49-7-2006, 49-7-2007, 49-7-2008, and 49-7-2013.

1540-01-02-.18 STATISTICAL DATA COLLECTIONS.

- (1) [By October 15 each year or the next business day if October 15 is a state holiday or weekend day.](#) ~~All~~ authorized institutions shall provide student-level statistical data on a Commission staff data form that will allow Commission staff to calculate the following statistical information by institution and program:
 - (a) the enrollment count;
 - (b) demographic statistics;
 - (c) withdrawal rates;
 - (d) completion rates;
 - (e) number of credentials awarded;
 - (f) categories of credentials awarded;
 - (g) placement rates;
 - (h) in-field placement rates; and
 - (i) average time to completion.
- (2) THEC shall publish the results of its calculations on its website except that withdrawal, completion, placement, and in-field placement rates shall not be reported for programs with ten (10) or fewer students.
- (3) Data shall include all students enrolled at the institution between the twelve (12) months beginning July 1 and ending June 30 of the year prior to the report.
- (4) Data form:
 - (a) Commission staff will provide institutions either a blank data form or a spreadsheet that is prepopulated with continuing student data.
 - (b) At a minimum, the data form shall include:
 1. student's first name, middle initial, and last name;

2. student's social security number or unique student identification number;
 3. demographic information, such as race, gender, and date of birth;
 4. program name;
 5. Commission staff assigned program code;
 6. date started;
 7. date completed or date withdrawn; and
 8. placed or placed in-field along with employer contact information.
- (5) All authorized Institutions shall maintain in the student's file evidence of placement sufficient for Commission staff to verify placement. Depending on the field, sufficient evidence includes a written record of an employee of the institution, correspondence from the student, or evidence from a social media site or post indicating that the student is working independently.
- (6) If annual average institutional or individual program withdrawal rates exceed twenty-five percent (25%) or if annual average institutional or individual program in-field placement rates are less than seventy percent (70%), institutions shall explain the circumstances contributing to these rates, demonstrate how these rates are not an indicator of poor educational quality, and describe what actions the institution will take to lower the withdrawal rates and/or increase the in-field placement rates. Additionally, Commission staff may compare an institution's rates to the state average for that type of institution and/or program. Institution types are unaccredited, accredited non-degree granting, and accredited degree granting; program type is based on CIP codes and length. When an institution-level or program-level rate fails to meet the state average for two (2) consecutive years Commission staff may recommend to the Commission that adverse action be taken against the institution.

Authority: T.C.A. §§ 49-7-2005, 49-7-2006 and 49-7-2022.

1540-01-02-.19 FAIR CONSUMER PRACTICES AND COMPLAINTS.

- (1) All institutions and their representatives shall act in accordance with fair consumer practices to ensure current and prospective students that nothing is hidden and verbal and written representations by the institution are accurate, such that students can make informed decisions concerning their investment of time or money.
- (2) Fair consumer practices means honesty, fairness, and disclosure to students in areas including, but not limited to, recruitment, admissions, contractual agreements, student financial assistance, obligations to repay student loans, placement assistance, job placement rates, advertising, refund policies, the meaning and recognition of different types of

accreditation, the transferability of the institution's credits to other postsecondary institutions, and competitors. Fair consumer practices require an institution to apply its policies as written.

- (3) Students should have a reasonable expectation to complete programs as printed in the institutional catalog at the time of enrollment.
- (4) Institutions may not use mandatory arbitration provisions.
- (5) Findings by Commission staff and/or ongoing complaints by current or prospective students that show a pattern of misinformation, misrepresentation, lack of disclosure, or discrepancies between verbal and written information, intimidation, or coercion may require corrective public announcements in addition to adverse action as set forth in Rule .22 of these rules.
- (6) An institution must report to Commission staff in writing within thirty (30) days any unresolved written complaint filed in a Tennessee court about the institution of which the institution is knowledgeable.
- (7) Institutions may provide a discount for cash payments provided:
 - (a) the institution has a written policy in the catalog that includes the definition of cash and details the qualifications for receiving and the amount of a cash discount; and
 - (b) the student verifies receipt and understanding of the policy in the pre-enrollment checklist.
- (8) An institution may award a scholarship, tuition waiver, or other similar award provided:
 - (a) the eligibility requirements for the offering, including terms, conditions, application procedures, due dates, basis for selection, and amount to be awarded, are clearly defined in writing;
 - (b) the institution has a form and procedure to verify eligibility; and
 - (c) the amount of the award is a flat dollar amount or subject to calculation using a defined formula or scale.
- (9) [Any person claiming damage or loss as a result of any act or practice by an authorized postsecondary educational institution or its agent that is a violation of the Act or these rules, may file a verified complaint on forms provided by the Commission. Any student who files a complaint must first exhaust the grievance process at the institution. Parties to the complaint shall be the complainant and any named institution or agent thereof.](#) The investigation and further review of written complaints will occur in accordance with the following provisions:
 - (a) Complaints shall be signed and submitted through hand delivery, mail, or electronic

mail as provided for in Rule [.27-24](#) of these rules.

- (b) Commission staff shall investigate all written complaints.
- (c) Any named institution or agent will receive a copy of the complaint and be provided an opportunity to respond to all allegations contained in the complaint.
- (d) Any named institution or agent shall provide all information requested by Commission staff as part of the investigation.
- (e) As part of the investigation process, Commission staff may work with the complainant and the named institution or agent to effectuate a [settlement resolution](#).
- (f) [When resolution is not reached and if, based on all the evidence obtained through the investigation, Commission staff finds that any person, agent, group, or entity is, is about to, or has been violating the Act or these rules:](#)
 - 1. [Commission staff may recommend that the Executive Director take action as provided for in T.C.A. § 49-7-2010 and § 49-7-2017 and these rules. Parties to the complaint shall be provided an opportunity to show cause why such recommendations should not be forwarded to the Executive Director. Such opportunity shall detail the basis for the findings and provide any party ten \(10\) days to respond. Following completion of the investigation, Commission staff shall provide to all parties written determinations and proposed recommendations and provide a date by which an aggrieved party may submit a request for further review by the Executive Director as provided for in Rule.02\(2\)\(b\) of these rules. Such date shall not be earlier than ten \(10\) business days after the date of the determinations and proposed recommendations.](#)
 - 2. [\(g\) — The Executive Director shall act on a recommendation from Commission staff after the time for the show cause response has expired by providing a Notice of Decision to the parties to the complaint. Such notice shall explain the right to a hearing and review by the Commission as provided in T.C.A. § 49-7-2012. Any request for review shall be filed with the Commission within ten \(10\) days of the date of the Notice of Decision, otherwise the action of the Executive Director shall be deemed final and no further review available. Any request for review shall be in writing, signed, list each instance where Commission staff erred, and provide a detailed explanation of each alleged error with references to specific statutes or rules. A request may be denied if it is not received in a timely manner as set forth is subparagraph \(8\)\(f\) of this rule.](#)
- (g) [When resolution of the complaint is not reached and if, based on all the evidence obtained through the investigation, Commission staff makes no findings or determines that an adverse action recommendation is not justified:](#)

1. Commission staff shall provide the parties to the complaint notice of the lack of findings or determination.

2. If, upon written notification of any action taken by Commission Staff, an aggrieved party to a complaint desires a review by the Executive Director, the party shall notify the Executive Director within ten (10) days of the date of the action of Commission staff, otherwise the action of Commission staff shall be deemed final and no further review available. Any request for review by the Executive Director shall be in writing, signed, and provide a detailed explanation of each alleged error with references to the Act or these rules. A request may be denied if it is not received in a timely manner.

3. If, upon written notification of any action taken by the Executive Director, an aggrieved party to the complaint desires a hearing and review by the Commission, pursuant to T.C.A. § 49-7-2012, the party shall notify the Commission within ten (10) days of the date of the action of the Executive Director, otherwise the action of the Executive Director shall be deemed final and no further review available. Any request for review by the Commission shall be in writing, signed, and provide a detailed explanation of each alleged error with references to the Act or these rules. A request may be denied if it is not received in a timely manner.

(h) Any party to the complaint aggrieved or adversely affected by any final commission action may obtain judicial review of the action as provided in T.C.A. § 49-7-2012,

- (10) Notwithstanding the provisions of paragraph (9) of this rule, Commission staff may take appropriate action to investigate any complaint or suspected non-compliance in order to protect the public interest.

Authority: T.C.A. §§ 49-7-2005, 49-7-2006, 49-7-2007, 49-7-2008, ~~and~~ 49-7-2011, and 49-7-2017.

1540-01-02-.20 REPRESENTATIONS, ADVERTISING, AND SOLICITATIONS.

- (1) Institutions may reference having authorization in advertising, promotional material, and on letterhead stationary using the following language: "(name of institution) is authorized for operation by the Tennessee Higher Education Commission." The entire statement must be used, have the same size font, and type of print.
- (2) Entities or individuals that own an authorized institution as well as a related business, for example, truck driver training and trucking company, must maintain clear separation in function and advertising of the business and the institution.
- (3) The Commission logo may not be used by an institution.
- (4) Institutions authorized by the Commission that have a website on, advertise through, or offer instruction via the internet must state on the institution's home page or Tennessee

- specific webpage: “[name of institution] is authorized for operation as a postsecondary educational institution by the Tennessee Higher Education Commission.” The entire statement must be used, have the same size font, and type of print. The reference to the “Tennessee Higher Education Commission” must be a hyperlink to www.tn.gov/thec.
- (5) No statement shall be made that the institution or its courses of instruction have been accredited unless the accreditation is identified and is an accreditor recognized by the U.S. Department of Education.
 - (6) No statement shall be made that the institution or its courses of instruction have been approved by a state or the federal government unless the approval can be substantiated by an appropriate certificate or letter of approval issued by the approving agency of the state or federal government.
 - (7) All advertisements seeking prospective students must include and clearly indicate the full and correct name of the institution, the authorized location city, and, if out-of-state, the authorized location state.
 - (8) Any promotion of the institution must primarily be based on the institution’s educational programs, not student aid promotion or the number of jobs available, must not guarantee employment, and must comply with fair consumer practices as described in Rule .19 of these rules.
 - (9) Other than entry level salary data available on a Tennessee or federal government website, no dollar amount will be quoted in any advertisement as representative or indicative of the earning potential of graduates without prior approval by Commission staff.
 - (10) Institutions shall not use images of any kind in such a manner as to convey a false impression as to size, importance, or location of the institution, its equipment, or its facilities.
 - (11) Institutions or representatives shall not make deceptive statements concerning other institutions when attempting to enroll students.
 - (12) Other than referencing the most recent rates calculated by Commission staff, no institution shall use job placement percentages or statistics except by written permission of Commission staff.
 - (13) If tuition loans are available at the institution, the school may advertise them only with the language "student tuition loans available" in type no larger than that used for the name of the school. This does not preclude disclosure of the institution's eligibility under the various state and federal loan programs.
 - (14) Promotional materials or agent solicitation practices must not state or infer that programs are available on a free tuition basis unless the tuition and other fee amount reported to Commission staff is zero (0).

- (15) No statement shall be made by an institution that the programs or courses are transferable to another institution without a current articulation agreement or transfer of credit agreement.
- (16) Claims must not be vague. For example, "award winning" institution should include the full name of the award in advertisement; specify year of any such attainment, and the source of the award.
- (17) No institution may publicize, promote or imply an accreditation that is not recognized by the U.S. Department of Education.
- (18) If an institution represents that it has an educational certification from any entity, other than those given by other Tennessee agencies, the institution must produce at the request of Commission staff proof of such certification.

Authority: T.C.A. §§ 49-7-2005, 49-7-2006, 49-7-2007, 49-7-2008 and 49-7-2013.

1540-01-02-.21 AUTHORIZATION STATUS.

~~(1) — Temporary Authorization:~~

- ~~(a) — Commission staff will recommend temporary authorization to the Committee after determining that the institution has demonstrated through the Initial Authorization Application and a site visit that it is compliant with the Act and these rules.~~
- ~~(b) — An institution will receive temporary authorization after favorable Commission action.~~
- ~~(c) — Temporary authorization must be maintained for at least twenty-four (24) months prior to eligibility for regular authorization.~~

~~(2) Regular Authorization:~~

- ~~(a) Provisional authorization shall become regular authorization following review and ratification of the Commission staff shall recommend for regular authorization any institution authorized for more than twenty-four (24) months that demonstrates all minimum standards for authorization through the Reauthorization Application.~~

~~(3) Conditional Authorization or Registration:~~

- ~~(a) Conditional authorization or registration is authorization ~~to operate~~ or program registration, but with conditions, such as reporting requirements, performance standard requirements, securing new or additional bonds, a limited period of time to operate such as during change of ownership, or for the purpose of teaching out existing students. Institutions with conditional authorization or registration may also be required to suspend or cease any part of institutional activity, such as enrolling students, advertising, or conducting specific classes or programs. Such suspension or~~

cessation shall remain in effect until activities precipitating the condition are corrected and Commission staff has completed all related reviews and investigations. Conditional authorization [or registration](#) may be issued when deemed necessary to protect the public interest.

- (b) An institution may request conditional authorization, including, but not limited to, suspension of the operation, rather than expose the institution to adverse action, for situations such as unexpected loss of lease, extended inactivity, or reorganization.
- (c) Nothing in this section shall be construed to absolve institutions of their educational and financial obligations to currently enrolled students.

(43) Revocation of Authorization [or Program Registration](#):

- (a) Revocation of authorization [or program registration](#) is the immediate and complete withdrawal of the institution's authorization [or program registration](#) to enroll, advertise, or operate a postsecondary educational institution in the state.
- (b) Possible grounds for immediate revocation of authorization [or program registration to operate](#) include but are not ~~be~~ limited to:
 1. loss of right to use the authorized location without immediate notification to the Commission;
 2. instances where a principal party or owner has been or is involved with a postsecondary educational institution that ceased or ceases operation resulting in a loss of time or money for enrollees, that had or has its institutional authorization ~~to operate~~ in a state revoked or had or has a felony conviction involving moral turpitude, fraud or a capital crime;
 3. a pattern of deceptive practices;
 4. failure to correct any situation that resulted in conditional authorization [or program registration](#) within a reasonable time period to be determined by the Executive Director;
 5. disregard for any specific directive issued by the Commission, the Executive Director, or Commission staff;
 6. failure to pay assessed fines; ~~and~~
 7. closing an institution without proper notification to the Commission; [and](#)
 8. [failure to submit a Certification of Compliance by the required due date or a Reauthorization Application by the authorization term expiration.](#)

- (c) Revocation of authorization [or program registration](#) shall not relieve an institution of complete compliance with the requirements in these rules applicable to an institution closing, including, but not limited to, refunds to students, arranging instructional teachouts, and securing the disposition of student records.

Authority: T.C.A. §§ 49-7-2004, 49-7-2005, 49-7-2008 and 49-7-2010.

1540-01-02-.22 CAUSES FOR ADVERSE ACTION.

- (1) The Commission or Executive Director in the interest of the public welfare, consumer protection and statutory responsibility may assess fines of five hundred dollars (\$500) per day per violation or revoke or make conditional the authorization of an institution [or its program registrations or approval of an agent permit](#) under the process as given in subparagraph .02(2)(e) of these rules for reasons including, but not limited to:
 - (a) disregard of provisions of the Act and/or these rules;
 - (b) willful violation of any commitment made in an application for authorization or reauthorization;
 - (c) presenting to the general public or students or prospective students information that violates Fair Consumer Practices as outlined in these rules;
 - (d) advertising, recruiting, or operating a group of classes or a program that has not been approved by the Commission;
 - (e) failure to provide or maintain premises or equipment in a safe and sanitary condition as required by laws, regulations, or ordinances applicable at the authorized location of the institution;
 - (f) failure to provide and maintain adequate faculty and/or staff;
 - (g) failure to maintain financial resources adequate for the satisfactory conduct of the courses of instruction offered;
 - (h) operating a postsecondary educational institution at a location that has not been authorized by the Commission;
 - (i) failure to correct findings resulting from a site visit or audit;
 - (j) a pattern of coercion, threats, or intimidation by institutional personnel to students or other school personnel;
 - (k) failure to advise the Commission about significant factors, such as:
 - 1. financial difficulties affecting program [consistent with the objectives of the course or program of study quality](#), including, but not limited to, when

- applicable, receipt of Title IV funds;
 - 2. significant staff changes in a short period of time;
 - 3. change of ownership;
 - 4. outcomes of audits by other government agencies;
 - 5. any factor or clearly developing factor that could alter the basis for authorization;
 - 6. loss or lowering of accreditation status; and
 - 7. legal action against the Tennessee authorized school; and
- (l) activities described in Rule .21 of these rules.
- (2) Repeated and/or consistent violations of the Act or these rules, particularly in the same areas such as advertising, fair consumer practices or operational standards may be grounds for conditional or revocation of authorization in addition to fines.
- (3) Institutions that advertise in formats that will be in the public domain for long periods and where such advertising cannot be rewritten or retracted may be fined in accordance with the Act and these rules for each day, week, or month the advertisement is in active circulation.
- (4) Commission staff at any time may require that an institution furnish proof to the Commission of any of its advertising claims. If proof acceptable to Commission staff cannot be furnished, Commission staff may recommend to the Executive Director that the institution publish a retraction of such advertising claims in the same manner as the claims themselves. Continuation of such advertising shall constitute cause for further adverse action.
- (5) Any action by the Commission or Executive Director under this rule shall be in conformance with subject to review as provided in T.C.A. § 49-7-2010~~(c)~~12. All Commission actions are subject to due process provisions of the Uniform Administrative Procedures Act.

Authority: T.C.A. §§ 49-7-2005 and 49-7-2010.

1540-01-02-.23 INSTITUTION CLOSURE.

- (1) When an authorized postsecondary educational institution proposes to discontinue its activities or operation, such institution shall notify Commission staff within seventy-two (72) hours of that decision.
- (2) Commission staff will provide the institution a list of items that must be provided to

Commission staff to close the institution in good-standing and a due date by which to provide the items. The list may include:

- (a) anticipated date to terminate teaching activity;
 - (b) ending date of present term;
 - (c) a listing by name of all students in all programs. Such list shall include student's social security number, unique student identification number, address, phone number, program of enrollment, and estimated completion dates;
 - (d) the status of all current refunds due or the amount of unearned tuition paid by each student and for which the school is obligated;
 - (e) a verified agreement with one or more local institutions able to provide sound education to all students in all programs;
 - (f) disposition and servicing of all [student academic](#) records as required by T.C.A. §49-7-2016;
 - (g) a request for conditional authorization [to operate](#) where required;
 - (h) updated statistical data;
 - (i) official transcripts and certificates; and
 - (j) demonstration that current educational obligations by the institution will be met on behalf of the presently enrolled students.
- (3) An institution that ceases operations shall maintain sufficient and qualified faculty, staff, and equipment to teach all subjects to all currently enrolled students, regardless of the size of the class, until such time as the institution closes.
- (4) Should the institution fail to make arrangements satisfactory to the Executive Director for the completion of the programs in which the currently enrolled students are enrolled and/or for the reimbursement of unearned tuition and fees, the institution shall be subject to fines.
- (5) Institutions that close without proper notification to the Commission or that fail to comply with closure obligations given in this rule may be deemed retroactively by the Executive Director to have had the institutional authorization officially revoked. Such a revocation status shall be maintained as part of the Commission closure file on that institution and any individuals directly involved, including, but not limited to, the director, owners, and/or the board chair.
- (6) Student Completion of Education ("Teachouts"):

- (a) The Executive Director may approve other authorized or exempt institutions to teachout students who were currently enrolled in an institution which ceases operation. An approved teachout institution shall:
 - 1. offer the course of study or similar course of study as those offered at the closed institution;
 - 2. be in the same geographic area as that in which the closed institution existed or provide necessary transportation expenses;
 - 3. provide the student the opportunity to complete the program at no cost in excess of that for which the student originally contracted at the closed institution;
 - 4. accept any and all credits earned at the closed institution; and
 - 5. not reduce total course hours required for the student to complete.
- (b) If the closed or closing institution fails to provide an acceptable plan to the executive director, Commission staff may work toward effecting teachout arrangements or transfer agreements with other authorized institutions.
- (c) Teachout plans may involve other institutions or be carried out by the terminating institution as circumstances may dictate.

(7) As an alternative to the deposit of records with the Commission, the institution may propose a plan for permanent retention of the records for consideration by Commission Staff.

Authority: T.C.A. §§ 49-7-2002, 49-7-2005 and 49-7-2016.

1540-01-02-.24 FILING METHODS AND REQUIREMENTS.

- (1) Unless otherwise provided in an application, all filings must be received via hand delivery, mail, electronic mail, or facsimile. Current addresses and fax numbers will be posted on the THEC webpage.
- (2) As to any filing requiring the payment of a fee, the fee must be submitted along with the filing or else the filing will be considered incomplete pursuant to Rule .07(1)(b) of these rules.
- (3) Filings shall be received at DPSA on the due date. Items postmarked on the due date but not received at DPSA will be deemed late-filed and, if applicable, may be deferred pursuant to Rule 07(1)(a) of these rules.

Authority: T.C.A. §§ 49-7-2005.

1540-01-02-.25 FEES.

- (1) All fees collected pursuant to the provisions of ~~this part~~[the Act](#) shall be deposited in the state treasury as a special agency account to administer the provisions of ~~this part~~[the Act](#).
- (2) Annual ~~reauthorization~~ fees shall be paid with the Reauthorization Application ~~and Certification of Compliance~~ as follows:
- (a) Annual ~~Reauthorization~~ Fee:
1. a fee of five hundred dollars (\$500) if enrollment is zero (0) to three hundred (300) students;
 2. a fee of one thousand five hundred dollars (\$1,500) if enrollment is three hundred and one (301) to six hundred (600) students; and
 3. a fee of three thousand five hundred dollars (\$3,500) if enrollment is six hundred and one (601) or more students.
- (b) ~~Reauthorization Application or Certification Deadline~~ Extension Fee\$500
- (c) Late ~~Reauthorization Application or Certification~~ Fee\$500
- (3) The following fees apply to the filing of applications and other services:
- (a) Initial Authorization Application..... \$3,000
- (b) ~~New Programs Application~~[Program Registration Request](#)\$500
- (c) Authority for Unaccredited Institutions to Grant Degrees.....\$1000
(paid in addition to the ~~New Program Application~~[Program Registration Request](#) fee)
- (d) Credential Level Elevation for Authorized Institutions \$2,000
(paid in addition to the ~~Program Registration Request~~[New Program Application](#) fee)
- ~~(e) Agent Permit Application – Initial.....\$500~~
- ~~(f) Agent Permit Application – Renewal.....\$250~~
- ~~(g)~~ Institution Name Change Application.....\$500
- ~~(h)~~ Change of Location Application\$500
- ~~(i)~~ Fines (assesses at a maximum of per day, per violation)\$500
- ~~(j)~~ Exemption Determination ~~_Application~~[Request](#)\$100
- ~~(k)~~ Closed Institution Transcript Request.....\$10

- (h) Convenience Charge for Electronic Payments amount charged by vendor

Authority: T.C.A. §§ 49-7-2005, 49-7-2014 and 49-7-2017.

1540-01-02-.26 REFUND OF REGULATORY FEES.

- (1) At the request of an institution a refund will be made as follows:
 - (a) If an institution withdraws a pending application within three (3) working days from receipt or prior to the start of Commission staff's review, then all fees assessed shall be refunded.
 - (b) If an institution withdraws a pending application more than three (3) working days from receipt and once Commission staff review begins, the Commission may retain fifty percent (50%) of the assessed fees.
 - (c) Once Commission staff's review of a pending application is complete or a site visit has been conducted, the Commission may retain one hundred percent (100%) of the assessed fees.
 - (d) Institutions that fail to complete the application process described in Rule ~~1540-01-02-.07(1)(b)~~ [of these rules](#) shall forfeit all fees paid.
 - (e) Any other fee collected is nonrefundable once Commission staff has performed the associated review or work related to that fee.

Authority: T.C.A. §§ 49-7-2005 and 49-7-2014.

Amendment

**CHAPTER 1540-01-10
REGULATION OF POSTSECONDARY EDUCATIONAL INSTITUTIONS WITH OPTIONAL EXPEDITED
AUTHORIZATION (OEA)**

1540-01-10-.01 INCORPORATION OF RULES.

- (1) Rules 1540-01-02-.01, .02, .04, .18 and .26 shall be incorporated into this Rule Chapter as if fully written herein.

Authority: T.C.A. §§ 49-7-2005, [and 49-7-2022](#) ~~and 49-7-2023~~.

1540-01-10-.02 DEFINITIONS.

- (1) "Accreditation" is a non-governmental, peer evaluation of educational institutions and programs. Private educational associations of regional and national scope that have adopted criteria for educational programs and have developed procedures for evaluating institutions or programs. These criteria determine whether or not institutions or programs are operating at basic levels of quality. The Commission only recognizes accrediting agencies that are recognized by the U.S. Department of Education.
- (2) "Act" means the Tennessee Higher Education Authorization Act of 2016, T.C.A. §§ 49-7-2001, et seq., as amended.
- (3) "Articulation and transfer of credit agreement" means an arrangement between two (2) higher education institutions that is approved and signed by authorized institutional representatives and constructed by faculty in the discipline that (1) equates for transfer of a defined set or block of academic credits that will meet requirements of a specified program at a degree-awarding institution or (2) provides that a specific credential from one institution will meet the admission education requirement for a program leading to a higher credential at a second institution.
- (4) ~~"Authorization" means approval of a postsecondary educational institution by the Commission for the institution to engage in activities or operations otherwise prohibited by T.C.A. § 49-7-2007. Authorization is for a specified time at a specified location. Institutions shall not use authorization to connote greater approval than simple permission to engage in allowed activities or operations. Terms which may not be used include, but are not limited to, "accredited by," "supervised by," "endorsed by," and "recommended by the Commission." "Authorization to operate" means approval of the Commission to operate or to contract to operate a postsecondary educational institution in this state as described in T.C.A. § 49-7-2007(1) – (3) or (5). Authorization to operate is for a specified time at a specified location. Institutions shall not use an authorization to operate to connote greater approval than simple permission to operate. Terms which may not be used include, but are not limited to, "accredited," "supervised," "endorsed," and "recommended by the Commission."~~
- (5) "Commission" means the Tennessee Higher Education Commission.
- ~~(6) "Committee" means the Committee on Postsecondary Educational Institutions.~~
- ~~(7) "Degree-granting postsecondary educational institution" includes institutions offering education or training above the high school level and where the institution awards degrees, such as associate, bachelors, masters, specialist, or doctoral degrees.~~
- ~~(8) "Division of Postsecondary State Authorization" or "DPSA" means the division within the Tennessee Higher Education Commission tasked with overseeing the implementation and enforcement of the Act and these rules.~~
- ~~(9) "Federal student financial aid programs" means any of the various loans or grants offered to students, parents, or institutions through Title IV of the Higher Education Opportunity Act, as amended.~~

- (108) "License" or "Licensure" includes similar terms, such as registration and certification, and means a designation from a subject matter expert state agency, board, or commission indicating that the recipient has met certain requirements for obtaining the designation, for example, a licensed massage therapist or educator.
- (119) "Location" means an address that may be used for purposes of a postsecondary educational institution in compliance with all pertinent ordinances and laws, including any rules and regulations adopted pursuant to the ordinances and laws, relative to zoning and the safety and health of persons at the address. When physical presence activities or operations are not the result of instruction at a postsecondary educational institution location as determined by the Commission staff, such as supervised field experiences or similar activities or operations, then the postsecondary educational institution location from which the educational credential is awarded must be the authorized location.~~"Location" means an address that is zoned for commercial purposes for use as a postsecondary educational institution.~~
- (1210) "Optional expedited authorization" or "OEA" means the alternative optional expedited authorization available pursuant to T.C.A. § 49-7-2022 and these rules to certain accredited degree-granting postsecondary educational institutions.
- (1311) "Other fees" means fees, other than tuition, paid to the institution or third parties for products or services, including, but not limited to, fees paid for tangible goods, laboratory fees, technology fees, student activity fees, graduation fees, or fees paid for housing, meals, or transportation.
- (12) "Ownership" and "Owner" mean:
- (a) the individual, if the postsecondary educational institution is a sole proprietorship;
 - (b) all partners, whether full, silent, or limited, if the postsecondary educational institution is a partnership;
 - (c) all individuals and entities with an interest in the for-profit corporation or other for-profit legal entity, if the postsecondary educational institution is a for-profit corporation or other for-profit legal entity; or
 - (d) the executive committee of the governing board, if the postsecondary educational institution is a not-for-profit or nonprofit entity.
- (1413) "Postsecondary educational institution" includes, but is not limited to, a school, college, university, or other type of entity offering educational credentials, instruction, educational services, or other activities as described in T.C.A. § 49-7-2007, primarily to persons who have completed or terminated their secondary education, or who are beyond the age of compulsory high school attendance, for the attainment of educational, professional, or vocational objectives.~~"Postsecondary educational institution" includes, but is not limited to, an academic, vocational, technical, online/distance learning, business, professional, or other school, college, or university, or other organization or person, offering educational~~

~~credentials, or offering instruction or educational services primarily to persons who have completed or terminated their secondary education or who are beyond the age of compulsory high school attendance, for attainment of educational, professional, or vocational objectives.~~

~~(4514)~~ "These rules" means all rules contained in Rule Chapter 1540-01-10.

~~(4615)~~ "Tuition" means any fee involving the student, actually charged or tracked as a bookkeeping item for instruction provided.

Authority: T.C.A. §§ 49-7-2005, ~~and 49-7-2022~~~~49-7-2022~~ and ~~49-7-2023~~.

1540-01-10-.03 ELIGIBILITY AND APPLICATION REQUIREMENTS.

(1) In order to receive OEA, a postsecondary educational institution must submit a signed OEA Application demonstrating that the institution meets the following eligibility requirements:

~~(a) — Meet the definition of degree-granting postsecondary educational institution;~~

~~(ba)~~ Be accredited by a regional or national institutional an accrediting agency recognized by the U.S. Department of Education; and

~~(cb)~~ Provide the following information and documentation ~~as part of a signed and notarized OEA Application created by Commission staff:~~

1. evidence of ~~good-standing and valid~~ institutional accreditation from a regional or national an institutional accrediting agency recognized by the U.S. Department of Education indicating that the location for which authorization is being sought is accredited or properly recognized by the accreditor;
2. documentation evidencing an established, clearly articulated, and comprehensive process for the resolution of student complaints. In order to be a comprehensive process, the process must contain:
 - (i) a detailed explanation as to how a student escalates a grievance to the highest level at the authorized institution location;
 - (ii) an opportunity for all persons involved in the complaint to be heard at any final step at the institutional location level, including, but not limited to, an appeal;
 - (iii) an explanation as to how the institution will notify students that complaints not resolved at the institutional location level may be filed with the Commission; and
 - (iv) an explanation as to how students will be notified of the institution's comprehensive process;

3. ~~documentation demonstrating the institution is operating lawfully in Tennessee evidencing that the institution is authorized or exempt from authorization in the state where it is primarily located, if the institution is not authorized in Tennessee;~~

4. ~~documentation, if deemed necessary, evidencing that the institution meets and maintains financial standards and institutional stability acceptable by the accreditor for the purpose of maintaining accreditation or the United States department of education for the purpose of being a Title IV eligible institution; documentation demonstrating that the institution is currently maintaining financial standards and institutional stability deemed acceptable for eligibility in Title IV federal student financial aid programs. Documentation shall include at a minimum:~~
 - ~~(i) the most recent independent audit completed, in part, for purposes of calculating the institution's federal financial composite score as described in 34 C.F.R. § 668.172; and~~
 - ~~(ii) any correspondence issued in the past twenty-four (24) months from the Federal Student Aid Office of the U.S. Department of Education concerning eligibility for financial aid, including, but not limited to, financial ratios, a letter of credit alternative, or a provisional certification alternative as well as any related correspondence from the institution;~~

5. a comprehensive list or verification of all programs offered at the institution along with, when applicable, documentation evidencing receipt of all requisite program approvals from subject matter expert state licensing agencies, boards, or commissions. Evidence shall be provided for any program designed to train a student for employment in a field where a license is required in order to be employed in that field. The evidence shall clearly demonstrate that the state agency, board, or commission has determined that the program meets the educational requirements necessary to receive a license or sit for a required exam. The comprehensive list or verification shall include, at a minimum, the following information:
 - (i) program name;
 - (ii) DPSA assigned program code;
 - (iii) credential awarded;
 - (iv) credit hours or contact hours to be awarded;
 - (v) length of time expected to complete the program;
 - (vi) cost of program tuition;

- (vii) cost of other fees;
 - (viii) program status;
 - (ix) a Classification of Instructional Programs (CIP) code;
 - (x) whether programmatic accreditation is required for the program and the name of the accreditor that has reviewed and accredited the program; and
6. the website addresses to the [gainful employment data for gainful employment programs](#) most current version of the following information. The address should provide a reasonable person easy access to this information;
- (i) [Costs of attendance](#);
 - (ii) [Information on whether academic credits attained are transferable to other institutions operating in Tennessee](#);
 - (iii) [Executed articulation and transfer of credit agreements with other institutions operating in Tennessee, if applicable; and](#)
 - (iv) [Federal student cohort default rates](#).
7. a report of any illegal or unethical conduct by employees, agents, contractors, or third-party service providers related to the delivery of educational programs and services to students with any corrective action and remedies taken by the institution;
8. a description of the ownership of the institution and when applicable, a corporate flowchart showing the institution's position in relationship to all affiliated corporate entities;
- ~~9. [copies of all executed articulation and transfer of credit agreements with other institutions operating in Tennessee](#);~~
- ~~10. the most recently calculated three-year (3) official cohort default rate from the Office of Federal Student Aid of the U.S. Department of Education. [Institutions with official cohort default rates for the three most recent years equal to or greater than thirty percent \(30%\) or a current official cohort default rate greater than forty percent \(40%\) are not eligible for OEA](#); and~~
- ~~11. [affirmation of the requirement to submit](#) statistical data as described in Rule 1540-01-02-.18; and~~
- ~~11. [a continuous institutional surety bond on the prescribed form](#).~~

- (c) OEA will be granted for four (4) years, unless otherwise determined by the Executive Director or the Commission. Institutions with a four (4) year authorization term shall submit Certifications of Compliance as provided for in these rules in years one (1), two (2), and three (3) and an OEA Application as provided for in these rules in year four (4).
- (d) Commission staff will review an OEA Application to determine whether the application demonstrates that the institution complies with all requisite standards. Upon such a finding and in the case of an initial application, Commission staff will recommend that the Executive Director grant the institution provisional initial authorization. Provisional initial authorization shall list any limitations as to time, procedures, functions, or other conditions as deemed necessary and be subject to review and ratification by the Commission. After ratification, the provisional designation will be removed.
- (e) In the event that an OEA Application fails to demonstrate that the institution complies with all requisite standards, Commission staff shall provide written notice of the deficiencies to the applicant and provide applicant two (2) opportunities to correct the deficiencies. Following the second failed attempt to correct deficiencies, the application may be denied or Commission staff will recommend that the Executive Director take adverse action, including but not limited to placing the institution on conditional authorization status or revoking authorization.

(2) Certification of Compliance

- (a) Annually during the authorization term, institutions with optional expedited authorization shall file a Certification of Compliance by a due date to be established by Commission staff and posted on the Commission's website.
 - (b) The Certification of Compliance shall require at a minimum that the institution self-certify that it is engaged in activities and operations in compliance with the Act and these rules, the institution provide an updated comprehensive program list, and the certification be signed by the institutional director and, if other than the institutional director, the owner or a representative thereof.
 - (c) Commission staff will review a Certification of Compliance and, upon finding that the certification demonstrates that the institution complies with all requisite standards, notify the institution of such. In the event that the Certification of Compliance fails to demonstrate that the institution complies with all requisite standards, Commission staff shall defer the Certification of Compliance by providing written notice of the deficiencies to the institution and providing the institution two (2) opportunities to correct the deficiencies. Following the second failed attempt to correct deficiencies, Commission staff may recommend that the Executive Director take adverse action, including but not limited to assessing a fine, placing the institution on conditional authorization status, or revoking authorization.
- (2) After receipt of an institution's application, Commission staff shall conduct a detailed review

and verification of the application. OEA applications will be processed as follows:

- (a) Upon satisfactory examination of all submitted documentation, Commission staff will recommend the application for recommendation of approval by the Committee to the Commission. Thereafter, the Committee's recommendation will be submitted to the Commission and upon approval by the Commission, Commission staff shall issue notification of the OEA status noting that it is valid for one (1) year.
- (b) If the Commission upon review and consideration of the application determines the applicant is not eligible and fails to meet the OEA criteria established in this section, the Commission shall notify the applicant of its decision to deny the application and set forth the reasons for the denial in writing. Such denial can be reviewed as further described in Rule .05 of these rules.
- (c) In order to continue OEA for an additional year, an institution must complete an application as described in Rule .03(1)(c) of these rules and file it with Commission staff by the due date immediately preceding the expiration date of the institution's current OEA. In the event that an application is timely filed but is not considered by the Commission prior to the current OEA expiration date, Commission staff may continue an institution's OEA for not more than six (6) months.

(3) Change of Ownership Application:

- (a) Authorization must be issued to the owner or governing body of the applicant institution and is nontransferable.
- (b) A change of ownership occurs when a transaction results in the controlling interest in the postsecondary educational institution changing from an authorized owner to an unauthorized owner. In the event of a change of ownership, the new owner must submit to Commission staff within five (5) business days after the change in ownership is finalized:
 - 1. a Change of Ownership Application and
 - 2. a request that the Executive Director grant the new owner conditional authorization until the new owner obtains provisional initial authorization.
- (c) The new owner shall submit an Initial Authorization Application as provided for in Rule Chapter 1540-01-02 or an Optional Expedited Authorization Application thirty (30) days after the notice of conditional authorization.
- (d) The Change of Ownership Application shall require that the new owner provide the sales contract, bill of sale, deed, or other documents necessary to transfer ownership of the institution.
- (e) Commission staff will review a Change of Ownership Application and, upon finding that the application demonstrates that the institution complies with all requisite

[standards, grant the change of ownership and recommend that the Executive Director grant conditional authorization. In the event that the Change of Ownership Application fails to demonstrate that the institution complies with all requisite standards, Commission staff shall defer the application by providing written notice of the deficiencies to the applicant and providing applicant two \(2\) opportunities to correct the deficiencies. Following the second failed attempt to correct deficiencies, the application will be denied and the closure process described in Rule .23\(b\) of these rules will commence.](#)

Authority: T.C.A. §§ 49-7-2005, [and 49-7-2022](#)~~49-7-2022 and 49-7-2023~~.

1540-01-10-.04 REQUIRED NOTIFICATIONS TO COMMISSION STAFF.

- (1) OEA institutions shall notify Commission staff, within five (5) business days, of the following:
 - (a) action by an accrediting agency in regard to the institution's accreditation status, such as revocation, suspension, probation, warning, or similar action;
 - (b) notice of legal action involving the institution, or its parent entity if applicable, and Tennessee students, related to the delivery of educational programming or student consumer practices, including, but not limited to, class action lawsuits;
 - (c) utilization by the institution of a letter of credit or a cash management agreement with the U.S. Department of Education;~~or~~
 - (d) public announcement of investigation by any governmental agency. The institution shall notify Commission staff whether the investigation is related to the institution's academic quality, financial stability, or student or consumer practices;
 - (e) [change of ownership; or](#)
 - (f) [change of institutional director.](#)
- (2) Institutions shall submit a New Program Notification Form [when the institution offers a new program on the Committee meeting due dates for any programs implemented since the last due date](#). Once processed, Commission staff will issue the institution a program code for use when submitting statistical data.
- (3) At the request of Commission staff, the Executive Director, ~~the Committee~~, or the Commission, OEA institutions shall provide any information deemed necessary to monitor the institution's eligibility for OEA.

Authority: T.C.A. §§ 49-7-2005, [and 49-7-2022](#)~~49-7-2022 and 49-7-2023~~.

1540-01-10-.05 DENIAL [OR WITHDRAWAL OF AN APPLICATION OR CERTIFICATION COMPLIANCE OF OEA STATUS](#).

- (1) When an application or certification is before Commission staff for consideration, Commission staff will provide the applicant written notice of its final determination. If, upon written notification of any action taken by Commission Staff, an aggrieved applicant desires a review by the Executive Director, the applicant shall notify the Executive Director within ten (10) days of the date of the action of the Executive Director, otherwise the action of Commission staff shall be deemed final and no further review available. Any request for review by the Executive Director shall be in writing, signed, and provide a detailed explanation of each alleged error with references to the Act or these rules. A request may be denied if it is not received in a timely manner.

A decision of the Commission to deny OEA status shall be provided to the institution in writing through the Executive Director, provide the basis for denial, and be effective as of the date of the decision.

- (2) If, upon written notification of any action taken by the Executive Director, an aggrieved applicant desires a hearing and review by the Commission, pursuant to T.C.A. § 49-7-2012, the applicant shall notify the Commission within ten (10) days of the date of the action of the Executive Director, otherwise the action of the Executive Director shall be deemed final and no further review available. Any request for review by the Commission shall be in writing, signed, and provide a detailed explanation of each alleged error with references to the Act or these rules. A request may be denied if it is not received in a timely manner. Any person aggrieved by a decision of the Commission respecting denial of OEA status shall have the right to a hearing and review of the decision by the Commission as provided in T.C.A. § 49-7-2022(q) and these rules. An aggrieved party for purposes of this rule is any postsecondary educational institution denied OEA status.

- (3) Any person, agent, group or entity aggrieved or adversely affected by any final commission action may obtain judicial review of the action as provided in T.C.A. § 49-7-2012. If an aggrieved party desires a hearing and review, the party shall file a written notice within ten (10) business days after the date of the Commission's written notice of denial. If written notice is not provided by an aggrieved party, then the action shall be deemed final.

- (4) Upon receiving notice from an aggrieved party, the Commission shall fix the time and place for a hearing and shall notify the aggrieved party of the time and place of the hearing. The Commission may vote to have an administrative law judge from the Administrative Procedures Division of the Tennessee Secretary of State's Office conduct a contested case proceeding and issue an initial order pursuant to the Uniform Administrative Procedures Act.

- (5) At the hearing, the aggrieved party may employ counsel, shall have the right to hear the evidence upon which the action is based, and present evidence in opposition or in extenuation. If an administrative judge is not appointed, then any member of the Commission may preside except when a clear conflict of interest may be demonstrated.

- (6) Any decision by the Commission or an initial order by an administrative law judge shall include a statement of findings and conclusions upon all material issues of fact, law or discretion presented at the hearing and the appropriate rule, order, sanction, relief, or denial thereof.

~~(7) Any final decision of the Commission shall be subject to the right of judicial review provided in T.C.A. § 49-7-2012.~~

Authority: T.C.A. §§ 49-7-2005, ~~and 49-7-2022~~~~49-7-2022~~ and 49-7-2023.

1540-01-10-.06 CONDITIONAL STATUS OF OR REVOCATION OF OEA STATUS.

- (1) OEA may be made conditional or revoked for just cause or as otherwise noted in T.C.A. § 49-7-2022. Revocation can occur as a result of:
 - (a) a vote of the Commission on its own motion ~~or on the recommendation of the Committee or the Commission staff~~; or
 - (b) a determination of the Executive Director pursuant to Rule 1540-01-02-.02(e).
- (2) Just cause includes activities where the institution acted contrary to the public interest, exhibits questionable financial strength, or is not operating educational programs with acceptable outcomes and includes, but is not limited to:
 - (a) Loss or failure to meet any of the listed criteria for eligibility in Rule .03(1) of these rules;
 - (b) Failure to fulfill the requirements in Rule .03 of these rules;
 - (c) A finding resulting from a signed student complaint that:
 1. the institution did not follow its policies as presented to the student; or
 2. the institution hid a fact or made a verbal or written inaccurate representation to the student that affected the student's ability to make an appropriate decision concerning the student's investment of time and money.
 - (d) Having an institution-level or program-level withdrawal, completion, placement, or in-field placement rate that is less than the state average rate for other OEA institutions or a program type for more than two (2) consecutive years;
 - (e) Providing false or misleading statistical data;
 - (f) Failure to comply with the requirements of the tuition guaranty fund under § 49-7-2018 and the related rules;
 - (g) A three-year federal financial aid cohort default rate as calculated by the U.S. Department of Education of thirty percent (30%) or higher for three (3) consecutive years or over forty percent (40%) for any single year; or

- (h) Allowing OEA to expire without timely filing an OEA Application, [Certification of Compliance](#), or Initial Authorization Application.
- (3) Upon revocation of any institution's OEA, the following shall occur:
- (a) The institution shall immediately be subject to all provisions of the Act and Rule Chapter 1540-01-02.
 - (b) The institution shall apply for Commission authorization under T.C.A. § 49-7-2008 and Rule Chapter 1540-01-02 [thirty \(30\) days after the notice by the next due date which is more than ten \(10\) business days from the date](#) of revocation.
 - (c) The Executive Director may grant the institution conditional authorization to continue its operation as a non-OEA institution. Such conditional authorization shall not be for more than six (6) months. Failure to fulfill all conditions of authorization within six (6) months may lead to revocation of authorization.
 - (d) Any institution whose OEA is revoked by the Commission shall be ineligible to reapply [until the Commission determines that all bases for revocation have been resolved for OEA for no less than twenty-four \(24\) months from the date of revocation](#).
- (4) Notwithstanding paragraphs (1) through (3) of this rule, no immediate action should be taken to revoke an institution's OEA when the institution's accreditor is removed from the U.S. Department of Education's list of recognized accreditors. The Executive Director shall set a time period in which institutions may continue to operate under OEA, assuming all other OEA requirements are met. The time period should coincide with the provisional time period set by the U.S. Department of Education for affected institutions to seek a new accreditor.
- [\(5\) Any action by the Commission or Executive Director under this rule shall be subject to review as provided in T.C.A. § 49-7- 2012. All Commission actions are subject to due process provisions of the Uniform Administrative Procedures Act](#)

Authority: T.C.A. §§ 49-7-2005, ~~and 49-7-2022~~ ~~49-7-2022 and 49-7-2023~~.

1540-01-10-.07 COMPLAINTS.

- (1) Commission staff shall investigate any signed student complaint involving an OEA institution after verifying that the student has [escalated the complaint to exhausted the institution complaint process](#) ~~the institutional director and the institutional director has had an opportunity to investigate and resolve the complaint yet the complainant contends it remains unresolved~~.
- (2) Commission staff's investigation shall determine:
 - (a) whether the institution followed its policies as represented to the student; and

- (b) whether the institution failed to disclose a fact or made a verbal or written inaccurate representation to the student that affected the student's ability to make an appropriate decision concerning the student's investment of time and money.
- (3) When determining whether a finding is appropriate, Commission staff shall take into consideration any reasonable offers the institution made to resolve the student's complaint at the institutional level.
- (4) The investigation will proceed as follows:
- (a) Complaints shall be signed and submitted through hand delivery, mail, or electronic mail as provided for in Rule .08 of these rules.
 - (b) Any named institution will receive a copy of the complaint and be provided an opportunity to respond to all allegations contained in the complaint.
 - (c) Any named institution shall provide all information requested by Commission staff as part of the investigation.
 - (d) As part of the investigation process, Commission staff may work with the complainant and the named institution to effectuate a settlement.
 - (e) If there are no findings, the complaint will be closed and the written determination shall include a date by which an aggrieved party may submit a request for further review by the Executive Director as provided for in Rule 1540-01-02-.~~19(9)02(2)(b)~~. Such date ~~shall not be earlier than~~ ten (10) ~~business~~ days after the date of the written determinations. If no request for review is received, the complaint will be closed.
 - (f) If there are findings and proposed recommendations, the following process will be used:
 - 1. Commission staff shall provide in the written determinations and proposed recommendations a date by which either party may respond to the findings or recommendations. Such date shall not be earlier than ten (10) business days after the date of the written determinations.
 - 2. Following review of the responses, if any, Commission staff may:
 - (i) determine that the complaint is closed by providing written notice to the parties. The written notice shall include a date by which an aggrieved party may submit a request for further review by the Executive Director as provided for in Rule 1540-01-02-.~~19(9)02(2)(b)~~. ~~Such date shall not be earlier than ten (10) business days after the date of the written determinations~~; or

(ii) recommend that the Executive Director take some action that is within the scope of the proposed recommendations. Any decision of the Executive Director to take action will be provided to the parties by letter and shall include a date by which an aggrieved party may submit a request for further review by the [Executive Director/Commission](#) as provided for in Rule 1540-01-02-~~.19(9)02(2)(b). Such date shall not be earlier than ten (10) business days after the date of the written determinations.~~

~~(iii) Any party to the complaint aggrieved or adversely affected by any final commission action may obtain judicial review of the action as provided in T.C.A. § 49-7-2012.~~

(g) Any request for review shall be in writing, signed, ~~list each instance where Commission staff erred,~~ and provide a detailed explanation of each alleged error with references to specific statutes or rules. Requests for review shall be received through hand delivery, mail, electronic mail or facsimile. A request may be denied if it is not received in a timely manner ~~as set forth in subparagraph (f).~~

Authority: T.C.A. §§ 49-7-2005, ~~and 49-7-2022~~~~49-7-2022 and 49-7-2023.~~

1540-01-10-.08 FILING METHODS AND REQUIREMENTS.

(1) ~~Application d~~Due dates, and deferrals, and withdrawals:

(a) For purposes of these rules, application refers to any application or certification.

~~(b) When a due date is provided by Commission staff, a complete application in the prescribed format shall be received at the Commission by the close of business on the due date. Applications received after the due date will be deemed late and will be reviewed after all timely filed applications or certifications are reviewed. For purposes of these rules, applications refer to any applications or certifications. For each quarterly meeting of the Committee, Commission staff shall establish a due date that is no more than ninety (90) days before the date of the meeting. Unless stated by Commission staff, the established due date shall apply to Optional Expedited Authorization Applications. Applications shall be received at DPSA on or before the due date. Applications received after that date will be deemed late and may be deferred to the next due date.~~

~~(b)c~~ Initial OEA Applications shall be filed in the prescribed format and may be filed at any time. All other OEA Applications shall be filed as provided for in these rules. Applications and certifications will be reviewed when complete. When received, Commission staff shall determine whether an application is complete and notify the applicant if the application is incomplete. An applicant will have thirty (30) days to complete an incomplete application. Incomplete applications or certifications include applications or certifications submitted without all applicable fees or an attachment. An application that is not completed by the prescribed due date will be withdrawn.~~An~~

~~application submitted without the appropriate fee will be considered incomplete and will not be reviewed until all applicable fees are received. In any event, Commission staff may defer the application to the next due date.~~

- ~~(ed) Denial or withdrawal of an application does not prevent the applicant from submitting a new application. Further, an incomplete application is an application that is missing any information or contains noncompliant information. Commission staff may defer consideration of the application to the next due date.~~
- ~~(d) — If an application is deferred, the institution shall have until the next established due date to complete the application.~~
- ~~(e) — An application can be deferred either by the institution or Commission staff a total of two (2) times. After the second deferral, the application will be deemed withdrawn if the institution does not submit a completed application by the next due date.~~

(2) Unless otherwise provided in an application, all filings must be received via hand delivery, mail, electronic mail, or facsimile. Current addresses and fax numbers will be posted on the THEC webpage.

~~(3) — Filings shall be received on the due date. Items postmarked on the due date but not received at DPSA will be deemed late.~~

Authority: T.C.A. §§ 49-7-2005, ~~and 49-7-2022~~49-7-2022 and 49-7-2023.

1540-01-10-.09 FEES.

(1) An institution shall pay a fee of nine thousand dollars (\$9,000) to the Commission ~~with~~ when filing an Optional Expedited Authorization Application or Certification of Compliance.

Authority: T.C.A. §§ 49-7-2005, ~~and 49-7-2022~~49-7-2022 and 49-7-2023.



TENNESSEE HIGHER EDUCATION COMMISSION

REGULAR CALENDAR ITEM: VI.

MEETING DATE: May 19, 2022
SUBJECT: Navigate Reconnect Overview
ITEM TYPE: Informational
ACTION RECOMMENDATION: NA

SUMMARY

Navigate Reconnect is the regionally-based arm of the Tennessee Reconnect initiative, which provides institution-neutral college navigation services to adult Tennesseans who want to return to or enroll in postsecondary education for the first time. Navigate Reconnect also serves as the hub of local resources including childcare options and affordable transportation for adult learners. Navigate Reconnect Regional Directors and Navigators are supported by state-level staff at the Tennessee Higher Education Commission to meet Reconnectors' needs, while also maximizing the capacity of local Tennessee Reconnect Navigators to provide tailored one-on-one support to Reconnectors.

THE NAVIGATE RECONNECT MODEL

Navigate Reconnect's structure is based on the advising model from the Graduate Network, a national organization focused on illuminating solutions to the educational inequities facing economically vulnerable adults and activate pathways for adults to achieve their educational goals. Tennessee was the first state in the nation to scale the model statewide. The state of Tennessee is divided into three regions, and Navigators are assigned to counties based on Community College Service Areas. The Graduate Network model is designed to organize regional resources to support adult students in returning to college and earn their college degree or credential. This model is supported and organized around four pillars: *Impact Services*, *Partnerships*, *Messaging* and *Sustainability*. Navigate Reconnect has enhanced this model and the 4 Pillars to meet the needs of Reconnectors in Tennessee.

Impact Services

All Reconnect Regions provide impact services that serve Reconnectors at every stage of the college-going process, to and through to graduation. The core of the impact services is navigation services provided to Reconnectors by Reconnect Navigators. These services include, but are not limited to, one-on-one phone calls, texts and e-mails, sharing of community and institution resources as well as reminders of important deadlines and milestones in the college-going process. Navigate Reconnect Regions may also offer workshops and seminars to groups of adults to provide information and develop affinity groups.

Partnerships

The Partnerships Pillar includes the critical work of engaging workforce, colleges, community and state partners in supporting Tennessee's Reconnectors to the completion of a degree or credential. Reconnect Regional Directors work to build partnerships in each region and will create a sustainable system for adult learners to access postsecondary options.

Many Reconnectors require a variety of wrap-around services to ensure college can fit into their lives. These services may include assistance through the college application process, but also access to childcare and transportation options. Navigate Reconnect does not have the capacity to meet all these needs, nor should it. Alternatively, Navigate Reconnect serves at the clearinghouse for all these services. Regional Directors are charged with finding these resources and then brokering partnerships which allow for a warm handoff between the Navigator and the resource (which could include a state agency, community organization and/or institution).

Partnerships are essential in each Reconnect Region to provide comprehensive and wrap-around support to Reconnectors, as well as to raise awareness of the state economic imperative of adult degree attainment. Each Navigate Reconnect Region develops and maintains numerous partnerships. These partnerships include:

- Higher education institutions
- Businesses & industries
- Local government
- State agencies
- Workforce & economic development (American Job Centers)
- Community organizations and social services

Messaging

The Messaging Pillar includes the work of communicating regionally about Navigate Reconnect and available Reconnect resources. Messaging is determined collaboratively between each Reconnect Region and the Navigate Reconnect Central Office, and leverages state resources to create a localized messaging strategy.

Messaging holds an important distinction as a Navigate Reconnect Pillar because communication is essential for both the provision of services and for the sustainability of Reconnect in each Region and Tennessee; for adults to access Navigate Reconnect services, they must know that the services exist, and to build partnerships, each Region must be able to articulate the benefits that Navigate Reconnect offer.

Messaging objectives include:

- Expanding Tennessee Reconnect and establishing Navigate Reconnect brand recognition.
- Communicating to community leaders and stakeholders about Tennessee Reconnect as well as Navigate Reconnect's local effort and successes.
- Articulating how Navigate Reconnect complements and operationalizes the mission of Tennessee Reconnect.
- Telling the story of Navigate Reconnect and the impact it has made in the local community.
- Increasing awareness of resources for Reconnectors.

Sustainability

While sustainability is often associated with funding, Navigate Reconnect is a THEC/TSAC program and funded by State appropriations, and therefore, it is not appropriate to fundraise or solicit funds. Therefore, sustainability is focused on creating a stable and respected presence in the community which is important to the longevity of the program. Each Navigate Reconnect Region (specifically the Director) acts as a connecting point for local employers, local institutions of higher education, and prospective adult learners, working to create awareness of the benefits of adult completion as a strategy for economic development and a source for workforce talent. Each Reconnect Region works to grow their services and expertise through support, idea-

sharing and collaboration across regions. Navigate Reconnect Central Office staff provide structure and support in messaging, technical assistance, capacity building, feedback loops, marketing support, and additional resources to serve Reconnectors.

RECONNECT NAVIGATOR ROLES AND RESPONSIBILITIES

Tennessee Reconnect Navigators can guide adults through college processes. If a Reconnector does not know where they want to complete a degree, or they need some additional help in navigating their options, assistance filling out forms, and getting access to tools to help them manage their time as they attend college, they can talk to a Tennessee Reconnect Navigator in their community. Tennessee Reconnect Navigators are single points of contact that can help Reconnectors navigate the path to college. They provide free advising, career exploration tools, assistance in understanding financial aid and college costs, and they can help Reconnectors select a college and a major that fits their interests and career goals. Navigators understand and effectively communicate the admissions and financial aid process at the varying Tennessee institutions; know how to connect postsecondary degrees and credentials with career goals; and can decipher and solve problems that may arise for a Reconnector in navigating college systems and the college process. Their work also includes knowing when and whom to refer Reconnectors to when issues such as student loan default or poor past academic history arise. Once the Reconnectors enroll in college, Reconnect Navigators will continue to support, guide, and encourage them until they graduate.

Reconnect Navigators create relationships with Reconnectors that help the Reconnectors recognize and understand their maximum educational potential. Reconnect Navigators serve as guides, advocates, referral agents, cheerleaders, and help Reconnectors solve problems and overcome challenges in their postsecondary journey. Navigators also assist Reconnectors in defining their own education goals and creating a plan that clearly leads the Reconnector to meeting his or her goals. The navigation process works best when it is ongoing and both parties have agency in the process. Reconnectors are most successful when they take an active role in establishing goals, developing their plan, and take ownership of the decision-making process.

Re-Entry Reconnect Navigators

In 2019, Governor Lee announced the Correction Education Investment with the goal of providing a full landscape of educational opportunities to those incarcerated in Tennessee prisons - ranging from the opportunity to complete a high school credential all the way through the completion of a postsecondary credential. Navigators specializing in working with incarcerated Reconnectors is a large part of that initiative. Three Reconnect Re-Entry Navigators work in nine state prisons with individuals who have not earned a postsecondary credential to connect them with an institution in the community where they can begin or continue their progress towards a degree. In addition to specialized services geared to this student population, Re-Entry Navigators provide the same services traditional Reconnectors receive. Re-Entry Navigators serve as a bridge between postsecondary programming in the prison and the community. Financial aid applications, institution applications, and course selection are all supported by a Re-Entry Navigator.

HOW STUDENTS CONNECT TO RECONNECT NAVIGATORS

Reconnectors can initially engage with Navigate Reconnect through several different avenues including emailing the centralized Navigate Reconnect email address, completing the centralized intake form, completing the Tennessee Reconnect Grant application, or directly contacting a local Reconnect Region via phone or local events. Regardless of where they enter, basic intake information is collected through a

standardized intake form or Tennessee Reconnect Application. Reconnectors are welcomed to Navigate Reconnect through an intake interview with a Navigator at the THEC office. After the initial intake interview, the Reconnector is assigned a local Navigator who will support them through the college process to graduation, providing them support and nudging through the college-going process.

Incarcerated Reconnectors access services through requests to corrections officers at the prisons in which they are housed. Navigators present to various classes within the prison, at town hall meetings, and through closed circuit video commercials for the purpose of informing potential Reconnectors of the services they provide.

STRATEGIC ALIGNMENT

In addition to the direct services provided by Navigate Reconnect, the THEC Adult Learner Initiatives team partners with other organizations and agencies to streamline access to additional state and community support resources, and to equip Tennessee residents with information they can share with potential Reconnectors.

Reconnect Ambassadors

In the service of outreach and support, THEC created the Reconnect Ambassador program in 2016. A Tennessee Reconnect Ambassador is an individual with ties to their neighbors, coworkers, and community members and who provides encouragement and support to adults they know who are interested in finishing a college degree or credential. In addition to becoming an active player in an adult learner's support network, Ambassadors will ultimately connect interested adults to Reconnect Navigators, institutional representatives, or online resources to assist them with taking the next step of developing a plan of action for returning to college or going for the first time.

Reconnect Ambassadors identify potential Reconnectors; talk to and encourage potential Reconnectors about completing college; and refer potential Reconnectors to Reconnect Navigators, institutional representatives, and resources.

THEC has partnered with the Tennessee Departments of Labor and Workforce Development, Human Services, and Transportation, as well as employers, chambers of commerce, and non-profit organizations to train over 2000 Tennesseans as Reconnect Ambassadors.

Tennessee Reconnect Success Collaborative

In an effort to address the barriers identified by adult learners in persisting and completing their chosen credentials, THEC, through the support of a grant from the ECMC Foundation, created the Tennessee Reconnect Success Collaborative in partnership with the Tennessee Board of Regents (TBR), the Tennessee Departments of Human Services (TDHS) and Labor and Workforce Development (TDLWFD) to identify, combine, and then connect adults to public benefits available to adult Tennesseans to provide support to adult learners as they complete their credentials. The goal of this Collaborative is to expand partnerships to provide wrap-around support via public benefits to adult learners using Reconnect services. Through the TRSC THEC is focused on 1) expanding and formalizing partnerships between state agencies to increase awareness of Reconnect, 2) developing new training components for college staff, Reconnect Navigators, and employees of partner state agencies that incorporate needs of underserved adult student populations and highlight the public benefits available across state agencies, and 3) creating a digital database that houses information

about existing public benefits, resources, and supports for staff working with adult learners to better connect them to benefits they may be eligible for while pursuing their degree.

TN Quick Screener

The TN Quick Screener is an online tool that allows users to be screened for six key support services, as well as information about four additional programs. These key support services include SNAP, TANF, WIC, Lifeline, Earned Income Tax Credit, and Child Tax Credit. It also provides information about WIOA, Smart Steps Childcare Payment Assistance, Tennessee Reconnect Grant, and SNAP Employment and Training. The tool has been developed through funding from the ECMC Foundation and in partnership with the Tennessee Department of Labor and Workforce Development and the Tennessee Department of Human Services.

Reconnect Navigators will use the Quick Screener during the Reconnector intake process and pilot a referral process with specific referral contacts amongst service providers at partner agencies. The Quick Screener may also be used by service providers in other state agency programs and by postsecondary institution partners. Cross-trainings are intended to ensure that Navigators, state agencies, and other engaged partners are familiar with all the services covered in the Quick Screener so that they can make informed recommendations to users and referrals to other agencies.