

Tennessee Student Assistance Corporation

September 26, 2023

Decision Item A Tennessee Future Teacher Scholarship Rule – Emergency Rule

Staff Recommendation (1) Adopt as a new Rule, Chapter 1640-01-32, Tennessee Future Teacher Scholarship, as Emergency Rules.

(2) Authorize the Executive Director to make any necessary technical corrections to this Rule, including changes required by the Tennessee Attorney General.

Background

The Tennessee Future Teacher Scholarship was passed into law during the 2023 General Assembly, as Public Chapter 381. This scholarship program requires repayment of the award if the recipient does not fulfill a teaching service requirement. Emergency rules are necessary due to the detailed program requirements and effective date of the law on July 1, 2023.

The public Rulemaking Hearing was held on September 25, 2023. These rules will be implemented once filed with the Secretary of State and remain effective for 180 days, at which time the Rulemaking Hearing Rule will become effective.

The following is a summary of this Rule.

- Recipients must be either junior or senior status in an approved educator preparation program (EPP), be eligible for the HOPE scholarship, file the FAFSA annually.
- Recipients must sign a promissory note indicating their commitment to teach in a Tennessee K-12 public school in a targeted setting (distressed or at-risk county or a critical shortage subject area) for four years.
- Awards are up to tuition and fees after other gift aid (Tennessee Education Lottery Scholarship, Pell grant, Tennessee Student Assistance Award) is applied.
- Recipients receive forgiveness of 25 percent of the total amount received for each year of teaching service. Any balance not forgiven through service must be repaid to TSAC.
- All administrative provisions (cancellation, deferment, appeals, etc.) are consistent with other TSAC financial aid programs.

NEW RULES:
RULES OF
TENNESSEE STUDENT ASSISTANCE CORPORATION
CHAPTER 1640-01-32
TENNESSEE FUTURE TEACHER SCHOLARSHIP
PROGRAM

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1640-01-32-.01 DEFINITIONS.

The following definitions are to be used for Chapter 1640-01-32:

- (1) Academic year: Three (3) consecutive semesters beginning with a fall semester and including the spring and summer semesters immediately succeeding the fall semester.
- (2) Act: Chapter 381 of the Public Acts of 2023, as set forth in Tenn. Code Ann. § 49-4-709.
- (3) Approved Educator Preparation Program (EPP): This term is defined in the Act.
- (4) Critical shortage subject area: This term is defined in the Act.
- (5) Default: The failure of a candidate in repayment status to make a minimum of one (1) installment payment during a period of two hundred seventy (270) consecutive calendar days.
- (6) Deferment: A period of time in which the candidate's payments may be postponed, pursuant to section .05(5) of this Rule.
- (7) Eligible candidate: This term is defined in the Act.
- (8) FAFSA: This term is defined in T.C.A. § 49-4-902.
- (9) Full-time enrollment: The number of semester hours required for full-time enrollment in an Approved EPP as determined by the postsecondary institution attended.
- (10) Full-time teaching: A minimum of fifty percent (50%) of the candidate's weekly workload is devoted to teaching, exclusive of administrative, teaching assistance, after-school programs, counseling, or other assigned duties.
- (11) Full year of teaching service: Two (2) semesters of full-time teaching. Candidates must teach at least ninety (90) days each semester and one hundred eighty (180) calendar days for the academic year.
- (12) Gift aid: This term is defined in the Act.
- (13) Grace period: A period of up to one (1) year that begins on the date the candidate completes the Approved EPP.
- (14) IRP: Institutional Review Panel.
- (15) Part-time enrollment: The number of semester hours required for part-time enrollment in an Approved EPP as determined by the postsecondary institution attended.

- (16) Promissory note: A signed statement certifying the candidate's intent to become a teacher in a targeted setting for at least four (4) consecutive years and their obligation to repay the loan should they fail to complete the Approved EPP or fulfill the teaching requirements.
- (17) Targeted setting: This term is defined in the Act.
- (18) TELS: Tennessee Education Lottery Scholarship.
- (19) Tuition and mandatory fees: The tuition and mandatory fees required for the enrollment or attendance of a student at an eligible postsecondary institution that are charged to all students for coursework leading to completion of an approved undergraduate EPP, and do not include fees charged for TN eCampus, online courses, specific programs of study, books, or supplies even if such fees are considered necessary for enrollment.
- (20) TSAC: Tennessee Student Assistance Corporation.

Authority: T.C.A. §§ 49-4-204 and 49-4-709. **Administrative History:** Original rule filed:

1640-01-32-.02 APPLICATION AND SELECTION.

- (1) All applications, including renewal applications, must be submitted on a TSAC-approved form prior to the published deadline each academic year.
- (2) All application and FAFSA deadlines shall be determined by the TSAC Executive Director and published on TSAC's website. The TSAC Executive Director is authorized to modify published deadlines for well-documented extraordinary causes, where necessary to protect the public interest.
- (3) Renewal applicants shall be awarded before new applicants in each academic year. All new eligible applicants shall be awarded on a first-come, first-served basis until all appropriated funds are awarded.
- (4) New applicants must submit a letter of recommendation attesting to the applicant's commitment to teaching from an official of the Approved EPP to which the applicant has been admitted.
- (5) Candidates of the Tennessee Future Teacher Scholarship are not permitted to accept, or have accepted, any other financial aid that requires teaching service following the conclusion of the Approved EPP.
- (6) Candidates must not currently be in default or owe a refund on a federal Title IV educational loan or Tennessee educational loan.
- (7) Candidates agree to inform TSAC in writing and provide supporting documentation within thirty (30) days of any change that occurs in name, address, school enrollment, obtainment of a teaching position, change in teaching assignments, or termination of teaching service.

Authority: T.C.A. §§ 49-4-204 and 49-4-709. **Administrative History:** Original rule filed

1640-01-32-.03 LOAN AMOUNT AND TERMS.

- (1) All loan amounts shall be equal to the cost of the candidate's tuition and mandatory fees less gift aid as described in the Act. All tuition waivers and discounts for which a student or parent qualifies shall first be deducted from the student's tuition and mandatory fees before gift aid is credited. Candidates shall execute promissory notes payable to TSAC in amounts equal to the full value of the loan amount.
- (2) Loan amounts based on enrollment status will be determined in the same manner as enrollment status for the HOPE scholarship.
- (3) Cancellation

- (a) The entire loan amount is cancelled for candidates who complete full-time teaching employment in a targeted setting for four (4) consecutive years after completion of the Approved EPP.
 - (b) Candidates who begin or end full-time teaching in a targeted setting that does not equal a full academic year, shall receive proportionate credit towards the total amount owed under the promissory note.
 - (c) A candidate's targeted setting is established at the time teaching service begins. If the targeted setting subsequently is eliminated from the list of distressed or at-risk counties or critical shortage subject areas as determined by the Department of Education, the candidate will receive full cancellation of the loan amount upon completion of the four-year teaching service period in the original targeted setting.
 - (d) A grace period of up to one (1) year will be afforded to allow the candidate an opportunity to secure employment to begin full-time employment before any outstanding loan amounts would otherwise be due. When a candidate has obtained a full-time teaching position in a targeted setting, the remaining balance of the grace period will be waived by TSAC. Exceptions to the one (1) year grace period may be requested in writing by the candidate for extraordinary circumstances.
 - (e) Candidates teaching in targeted settings that meet the requirements for the loan forgiveness must notify TSAC of such teaching status. Individuals whom TSAC has verified to be teaching in a targeted setting shall be granted a postponement on repayment. At the end of such period, cancellation credit will be applied upon receipt of the verification of such service.
 - (f) The debt shall be canceled due to the death of the candidate upon documentation deemed acceptable by TSAC.
 - (g) If a candidate is determined to be totally and permanently disabled under the standards established by T.C.A., Title 8, Chapter 36, Part 5, for determining disability for members of the Tennessee Consolidated Retirement System, the outstanding debt shall be canceled. A candidate is not considered totally and permanently disabled on the basis of a condition that existed prior to his or her application unless the candidate's condition has substantially deteriorated since he or she submitted the application. If at any time subsequent to an initial determination of disability the candidate's condition improves to the point where a total and permanent disability no longer exists, TSAC may reinstate any outstanding debt previously canceled.
- (4) Repayment
- (a) Repayment shall begin in the first month following the end of the grace period for candidates who complete the Approved EPP but who fail to enter teaching service in a targeted setting. For candidates who fail to complete the Approved EPP repayment will begin upon demand by TSAC.
 - (b) Repayment of any remaining amount of the loan funds received may be in whole or monthly payments of at least one hundred dollars (\$100) over a period of not more than ten (10) years from the end of the grace period or when TSAC determines that the candidate has not complied with the requirements of the Act. Payments of less than the amount required to amortize the loan within ten (10) years may be made only if the candidate documents to TSAC's satisfaction his or her inability to make payments of that amount.
 - (c) If a borrower issues a check, draft, or warrant, which is subsequently returned to TSAC for reason of insufficient funds, a stop payment order by the issuer, or any other reason, the payment to which these funds was applied shall be reversed on the borrower's account.
 - (d) If a candidate should re-enter teaching at an eligible school after commencing monetary

repayment, the repayments already made will not be returned to the candidate. However, any additional repayment balances that were not in arrears at the time of the reentry into teaching may be canceled by subsequent teaching service.

(5) Deferment

- (a) Repayment of principal may be deferred for a period of time in which the candidate is unable to make payments due to documented extraordinary circumstances. Documentation must be submitted to TSAC for approval and verified on a semi-annual basis. Deferment may be granted for any of the following reasons:
1. The candidate is still enrolled in an accredited institution but is no longer seeking a teaching licensure or enrolled in an Approved EPP and shall not exceed three (3) years.
 2. A period of time in which the candidate is unable to make payments due to extraordinary financial, medical, or personal circumstances beyond the candidate's control and shall not exceed two (2) years.
 3. Borrowers who have begun qualified teaching service may receive a one-year deferment to secure another qualified teaching position in Tennessee.
 4. The candidate has been called into active military duty and shall not exceed the time of deployment.

Authority: T.C.A. §§ 49-4-204 and 49-4-709. **Administrative History:** Original rule filed:

1640-01-32-.04 COLLECTIONS.

- (1) TSAC's collection activity will begin when the candidate is no longer honoring the repayment schedule. TSAC will exercise due diligence to contact the candidate to resolve the delinquency at the last known address/contact information provided by the candidate to TSAC as provided herein at .02(7).
- (2) TSAC's due diligence requirements include:
 - (a) Providing the candidate with a signed copy of the promissory note.
 - (b) Notifying the candidate of the repayment requirements during the grace period.
 - (c) Notifying the candidate of repayment requirements during an approved period of deferment.
 - (d) Attempting to contact the candidate no less than once per month during the two hundred and seventy (270) day period in which no payments are received, beginning with the thirtieth (30th) day of delinquency.
- (3) TSAC will consider a candidate to be delinquent if the candidate fails to make an installment payment within thirty (30) days of the due date. Upon delinquency, TSAC will attempt to contact the candidate to give notice of the delinquency and inform the candidate of the consequences of default.
- (4) TSAC will consider a candidate to be in default if the candidate fails to make a payment for a period of two hundred seventy (270) consecutive days.
- (5) Once the candidate is in default, TSAC may take one (1) or more of the following actions:
 - (a) Assign the defaulted loan(s) to a collection agency. Collection costs may be added to the defaulted loan at a rate not to exceed twenty percent (20%) of the original principal balance. Payments on the combined principal and collection costs shall not exceed an

amount determined to be reasonable and affordable

- (b) Assign the defaulted loan(s) to the Office of the Attorney General for collection.
- (c) Make the candidate ineligible for state student aid programs.
- (d) Report the default to one (1) or more of the credit reporting agencies.

Authority: T.C.A. §§ 49-4-204 and 49-4-709. **Administrative History:** Original rule filed

1640-01-32-.05 APPEAL AND EXCEPTION PROCESS.

- (1) TSAC shall use the existing TSAC Appeals Panel to consider appeals and render decisions for those candidates who appeal a decision made by the IRP and for appeals made directly to TSAC. In addition to the grounds for appeal that exist for TELS as outlined in Tenn. Comp. R. & Regs. 1640-01-19, a candidate of the Tennessee Future Teacher Scholarship may also appeal for continued debt cancellation following the return to teaching in a targeted setting after having left qualified teaching service without an approved deferment. The time between leaving and returning to qualified teaching service shall not exceed three (3) years. A decision of the TSAC Appeals Panel made on the merits of the appeal is the final administrative remedy available to the candidate.

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