



Tennessee Student Assistance Corporation

June 24, 2014
Board of Directors Meeting

A G E N D A
TENNESSEE STUDENT ASSISTANCE CORPORATION
BOARD OF DIRECTORS MEETING
THEC Board Room, 18th Floor, Parkway Towers
June 24, 2014, 10:00 A.M.

Adoption of Agenda

Approval of Minutes, September 18, 2013 Meeting

Chairman's Report

Executive Director's Report

TASFAA President's Report

I. Decision Items

- A. Selection of 2014-15 Officers and Committee Members
- B. Approval of Tennessee Promise Special Advisory Committee
- C. Adoption of Rules – Tennessee Education Lottery Scholarship
- D. Adoption of Rules – Tennessee Promise Scholarship

II. Discussion Items

- A. Federal Family Education Loan Program Update
 - 1. NGS contract
 - 2. EdSouth contract
- B. Grants and Scholarship Programs Status Report
 - 1. e*GRandS
- C. 2014 General Assembly Legislative Report
- D. 2014-15 Budget Update
 - 1. Reversion
 - 2. Loans revenue and positions
 - 3. Transfer of recurring McWherter funds
- E. Internal Audit Update
- F. Communications Services Update

III. Other Business

- A. Conflict of Interest Policy Statement

**Tennessee Student Assistance Corporation
Board of Directors Meeting Minutes
September 18, 2013
2:00 p.m. CST**

The Board of Directors of the Tennessee Student Assistance Corporation met on Thursday, September 18, 2013. The meeting was called to order by Mr. Mark Cate at 2:00 p.m.

ROLL CALL

The following board members/alternate representatives were present:

Andy McArthur, representing Treasurer David Lillard
Morgan Branch, representing Commissioner Kevin Huffman
Mark Cate, representing Governor Bill Haslam
Russ Deaton, representing Richard Rhoda
Jeff Gerkin
LaSimba Gray
David Gregory, representing Chancellor John Morgan
Sydney Samantha Jones
Keri McInnis
Claude Pressnell
Greg Turner, representing Commissioner Mark Emkes
Gary Weedman
Joseph Woodson, representing Comptroller Justin Wilson

OPENING REMARKS

Mr. Mark Cate welcomed all to the meeting and thanked special guests for their attendance. He also introduced Ms. Keri McInnis, a new board member from the private sector, who also served as a student member of the Tennessee Higher Education Commission while attending Austin Peay State University, and Ms. Sydney Samantha Jones, new student member from Lipscomb University.

ADOPTION OF AGENDA

Mr. Cate called for a motion to adopt the agenda. Dr. Claude Pressnell made a motion to approve. Dr. Russ Deaton seconded the motion; the motion was duly adopted by the following roll call vote:

	<u>Aye</u>	<u>No</u>	<u>Abstain</u>
Andy McArthur	x		
Morgan Branch	x		
Mark Cate	x		
Russ Deaton	x		
Jeff Gerkin	x		
LaSimba Gray	x		
David Gregory	x		
Sydney Jones	x		
Keri McInnis	x		

Claude Pressnell	x
Greg Turner	x
Gary Weedman	x
Joseph Woodson	x

ADOPTION OF THE MINUTES: MARCH 21, AND JULY 12, 2013 MEETINGS

Mr. Cate called for a motion to adopt the minutes from the March 21 and July 12, meetings. Mr. Joseph Woodson made a motion to approve. Ms. Keri McInnis seconded the motion; the motion was adopted by the following roll call vote:

	<u>Aye</u>	<u>No</u>	<u>Abstain</u>
Andy McArthur	x		
Morgan Branch	x		
Mark Cate	x		
Russ Deaton	x		
Jeff Gerkin	x		
LaSimba Gray	x		
David Gregory	x		
Sydney Jones	x		
Keri McInnis	x		
Claude Pressnell	x		
Greg Turner	x		
Gary Weedman	x		
Joseph Woodson	x		

EXECUTIVE DIRECTOR’S REPORT

Mr. Peter Abernathy was recognized to provide the executive director’s report. Mr. Abernathy introduced Mr. Randy Boyd, Special Advisor to the Governor for higher education, to provide an update on the Governor’s Drive to 55 Initiative. Mr. Boyd began by noting the intent is to bring the percentage of Tennesseans with college degrees or certifications to 55 percent by the year 2025. He stated the initiative is to better prepare students to reduce the need for remedial courses; increase dual enrollment & dual credit; improve mentoring; reduce financial barriers to education; and enhance programs to increase graduation rates.

TASFAA PRESIDENT’S REPORT

Mr. Jeff Gerkin was recognized to provide his report. Mr. Gerkin briefly commented on the success of the spring conference held in April. He then stated he would continue to serve as TASFAA president due a change in positions for the previously nominated president, Ms. Ashley Bianchi.

DECISION ITEMS

Adoption of 2014-15 TSAA Over-commitment Ratio

Mr. Tim Phelps reviewed the staff recommendation of 153 percent over-commitment ratio for FY 2013-14. He stated the recommendation was based on the amount of funds awarded in past years. Mr. Phelps also stated that a \$2M allotment from the reserve would transferred to be consistent with the boards desire to utilize some of the reserve funds for students. After discussion, Dr. Pressnell made a motion approve staff recommendations. Dr.

Gray seconded the motion; the motion was duly adopted by the following roll call vote:

	<u>Aye</u>	<u>No</u>	<u>Abstain</u>
Andy McArthur	x		
Morgan Branch	x		
Mark Cate	x		
Russ Deaton	x		
Jeff Gerkin	x		
LaSimba Gray	x		
David Gregory	x		
Sydney Jones	x		
Keri McInnis	x		
Claude Pressnell	x		
Greg Turner	x		
Gary Weedman	x		
Joseph Woodson	x		

Adoption of Rules – STEP UP Scholarship

Mr. Abernathy provided an overview of the proposed STEP UP Scholarship rules. He stated that the 2013 Public Chapter 483 created the STEP UP scholarship and this lottery-funded program provides postsecondary awards to students with intellectual disabilities and the rules implement this new scholarship program. Dr. Gregory made a motion that the Tennessee Assistance Student Corporation adopts 1640-01-24 (STEP UP Scholarship) as proposed and the TSAC Board of Directors authorize the Executive Director to make any necessary technical corrections to these rules including changes required by the Tennessee Attorney General. Mr. Joseph Woodson seconded the motion; the motion was adopted by the following roll call vote:

	<u>Aye</u>	<u>No</u>	<u>Abstain</u>
Andy McArthur	x		
Morgan Branch	x		
Mark Cate	x		
Russ Deaton	x		
Jeff Gerkin	x		
LaSimba Gray	x		
David Gregory	x		
Sydney Jones	x		
Keri McInnis	x		
Claude Pressnell	x		
Greg Turner	x		
Gary Weedman	x		
Joseph Woodson	x		

Adoption of Rules – Graduate Nursing Loan Scholarship Program

Mr. Abernathy provided an overview of the proposed rules. He stated that changes to these rules allow for interest to accrue from the time the program of study is completed, rather than at the end of the grace period. Dr. Gregory made a motion that the Tennessee Assistance Student Corporation adopts Rule

1640-01-03 (Graduate Nursing Loan Scholarship Program) as proposed and the TSAC Board of Directors authorize the Executive Director to make any necessary technical corrections to these rules including changes required by the Tennessee Attorney General. Dr. Gray seconded the motion; the motion was adopted by the following roll call vote:

	<u>Aye</u>	<u>No</u>	<u>Abstain</u>
Andy McArthur	x		
Morgan Branch	x		
Mark Cate	x		
Russ Deaton	x		
Jeff Gerkin	x		
LaSimba Gray	x		
David Gregory	x		
Sydney Jones	x		
Keri McInnis	x		
Claude Pressnell	x		
Greg Turner	x		
Gary Weedman	x		
Joseph Woodson	x		

Adoption of Rules – Minority Teaching Fellows Program

Mr. Abernathy provided an overview of the proposed rules. He stated that changes to these rules clarify the definition for grace period, clarify the conditions under which repayment begins, and allow for interest to accrue from the time the program of study is completed, rather than at the end of the grace period. Dr. Pressnell made a motion that the Tennessee Assistance Student Corporation adopts Rule 1640-01-03 (Minority Teaching Fellows Program) as proposed and the TSAC Board of Directors authorize the Executive Director to make any necessary technical corrections to these rules including changes required by the Tennessee Attorney General. Mr. Greg Turner seconded the motion; the motion was adopted by the following roll call vote:

	<u>Aye</u>	<u>No</u>	<u>Abstain</u>
Andy McArthur	x		
Morgan Branch	x		
Mark Cate	x		
Russ Deaton	x		
Jeff Gerkin	x		
LaSimba Gray	x		
David Gregory	x		
Sydney Jones	x		
Keri McInnis	x		
Claude Pressnell	x		
Greg Turner	x		
Gary Weedman	x		
Joseph Woodson	x		

Adoption of Rules – Tennessee Teaching Scholars Program

Mr. Abernathy provided an overview of the proposed rules. He stated that

changes to these rules clarify the definition for grace period, clarify the conditions under which repayment begins, and allow for interest to accrue from the time the program of study is completed, rather than at the end of the grace period. Mr. Joseph Woodson made a motion that the Tennessee Assistance Student Corporation adopts Rule 1640-01-17 (Tennessee Teaching Scholars Program) as proposed and the TSAC Board of Directors authorize the Executive Director to make any necessary technical corrections to these rules including changes required by the Tennessee Attorney General. Mr. Branch seconded the motion; the motion was adopted by the following roll call vote:

	<u>Aye</u>	<u>No</u>	<u>Abstain</u>
Andy McArthur	x		
Morgan Branch	x		
Mark Cate	x		
Russ Deaton	x		
Jeff Gerkin	x		
LaSimba Gray	x		
David Gregory	x		
Sydney Jones	x		
Keri McInnis	x		
Claude Pressnell	x		
Greg Turner	x		
Gary Weedman	x		
Joseph Woodson	x		

Adoption of Rules – Open Records

Mr. Abernathy provided an overview of the proposed rules. He stated that at the September 2011 Board meeting, the TSAC Board of Directors approved a formal policy governing public records requests. The Tennessee Comptroller’s Office of Open Records Counsel and Tennessee Attorney General’s office have since advised that a state entity must formalize policy into rules prior to charging fees for reproduction of records. Mr. Woodson made a motion that the Tennessee Assistance Student Corporation adopts Rule 1640-01-25 (Open Records) as proposed and the TSAC Board of Directors authorize the Executive Director to make any necessary technical corrections to these rules including changes required by the Tennessee Attorney General. Ms. Keri McInnis seconded the motion; the motion was adopted by the following roll call vote:

	<u>Aye</u>	<u>No</u>	<u>Abstain</u>
Andy McArthur	x		
Morgan Branch	x		
Mark Cate	x		
Russ Deaton	x		
Jeff Gerkin	x		
LaSimba Gray	x		
David Gregory	x		
Sydney Jones	x		
Keri McInnis	x		
Claude Pressnell	x		
Greg Turner	x		

Gary Weedman	x
Joseph Woodson	x

Proposed Budget Request for 2014-15

Mr. Abernathy then briefly reviewed the proposed budget requests for fiscal year 2014-15. That the TSAC Board of Directors approve the recommended 2014-2015 funding levels as presented. He also noted that the TSAC Board of Directors recommend a \$31.7 million budget improvement for fiscal year 2014-15 for the Tennessee Student Assistance Award program which represents approximately one-fifth of the students who apply and are eligible for the TSAA but do not receive an award due to limited funding.

Dr. Gray made a motion to approve staff recommendations for the 2014-2015 funding levels as presented, recommends a \$31.7 million budget improvement for fiscal year 2014-15 for the Tennessee Student Assistance Award program, and authorize its Executive Director to make any necessary technical corrections. Dr. Gary Weedman seconded the motion; the motion was adopted by the following roll call vote:

	<u>Aye</u>	<u>No</u>	<u>Abstain</u>
Andy McArthur	x		
Morgan Branch	x		
Mark Cate	x		
Russ Deaton	x		
Jeff Gerkin	x		
LaSimba Gray	x		
David Gregory	x		
Sydney Jones	x		
Keri McInnis	x		
Claude Pressnell	x		
Greg Turner	x		
Gary Weedman	x		
Joseph Woodson	x		

Mr. Abernathy also noted that the Department of Finance and Administration has requested that state agencies identify a five percent reduction to state appropriations for the 2014-15 fiscal year. He stated that TSAC will submit a reduction plan of \$61,300 from administrative expenses in Division 332.05; no budget reductions will be made in any of TSAC's grant programs. Dr. Gray made a motion to approve staff recommendations with the five percent reduction, as required by the Department of Finance and Administration. Dr. Gary Weedman seconded the motion; the motion was adopted by the following roll call vote:

	<u>Aye</u>	<u>No</u>	<u>Abstain</u>
Andy McArthur	x		
Morgan Branch	x		
Mark Cate	x		
Russ Deaton	x		
Jeff Gerkin	x		

LaSimba Gray	x
David Gregory	x
Sydney Jones	x
Keri McInnis	x
Claude Pressnell	x
Greg Turner	x
Gary Weedman	x
Joseph Woodson	x

DISCUSSION ITEMS

Federal Family Education Loan Program Update

Ms. Jane Pennington was recognized to provide the update on the Federal Family Education Loan Program. Ms. Pennington stated that as of August 31, 2013, TSAC’s loan portfolio included over 480,000 loans with an estimated value over \$3.1 billion; representing over 276,000 active borrowers.

Ms. Pennington stated that the loan division has successfully moved the Microsoft Access databases to a Structured Query Language (SQL) server which has the capacity and security to house data. She also stated that new databases have been created to accommodate the monitoring of our servicer, which also is housed on the SQL server.

Grants and Scholarship Programs Status Report

Mr. Tim Phelps was recognized to provide the update on the Grants and Scholarship Programs. He stated that the Tennessee Student Assistance Awards (TSAA) totaling about \$105 million were awarded to students for the 2013-14 academic year and funds were awarded to students who applied through February 11, 2013. Mr. Abernathy noted that available TSAA resources for 2013-14 total about \$69 million and the Board approved a 153 percent over-commitment, resulting in \$105 million in awards.

Communications Services Update

Ms. Diane LeJeune was recognized to provide the update on communication and outreach services. She discussed the outreach statistics such as college fairs, visits to administrators, financial aid presentations, personal finance classes, and school visits to educate students on financial aid. She also provided information on call center statistics, the THEC High School Counselor Survey, and the social media outreach.

Internal Audit Update

Ms. Ann Collett was recognized to provide an audit update. She briefed the board on the Sunset Performance Audit interviews with THEC and TSAC staff and provided an update on areas of focus. She then commented on the State Financial and Compliance Audit for TSAC and stated that the report included no findings. Ms. Collett then discussed the Department of Education program review and noted that the Department’s visit to each of the guaranty agencies was to perform a high level evaluation of certain operational controls related to its data security environment. The board will be notified when the report is released.

License Suspension Update

Mr. Abernathy stated that the License Revocation Program continues to grow as additional licenses and boards are included in the program. He also stated that the program now includes over 5,000 borrowers, and attention is being given to accurately record the borrowers' activities and TSAC's Teacher Loan Forgiveness programs have also been added for license review, noting that the loan division will monitor this process going forward.

Endowment Fund and Transfers from the Operating Fund

Mr. Abernathy then discussed the Endowment Fund and Transfers from the Operating Fund. He stated that 2013 Public Chapter 98 authorized TSAC to establish an endowment for the purpose of funding need-based grants for use at Tennessee's community colleges. Mr. Abernathy noted that on July 12, 2013, the TSAC board of directors approved the transfer in the amount of \$47 million from the Operating Fund to the Endowment Reserve, and the transfer has been completed.

OTHER BUSINESS

Mr. Abernathy announced that the next meeting of the TSAC board will be held March 27, 2014 at 1:00 p.m.

There being no further business, the meeting adjourned at 3:00 p.m.

Approved:

Dr. Claude O. Pressnell, Jr., Secretary

Tennessee Student Assistance Corporation

Tuesday June 24, 2014

DECISION ITEM A: Selection of 2014-15 Officers and Committee Members

Staff Recommendation: That the board elects its 2014-15 officers and committee members.

Background: TSAC bylaws state that the corporation's officers shall consist of a Chairman, Vice-Chairman, Secretary, and Treasurer; each elected by the directors of the corporation from among their own number. The term of office is one year.

The bylaws authorize the Chairman to appoint board committees. In practice, the Chairman brings committee appointments to the full board.

Following today's report from the chairman, 2014-15 officers and committee members will be selected. Below is a list of current (2013-14) officers and committee members.

Supporting Document: *Tennessee Student Assistance Corporation: 2013-14 Officers and Committees*

Tennessee Student Assistance Corporation
2013-14 Officers and Committees

Officers

Governor Bill Haslam, Chairman
Richard Rhoda, Vice Chair
David Lillard, Treasurer
Claude Pressnell, Secretary

Executive Committee

Governor Bill Haslam, Chair
Larry Martin
David Lillard
Claude Pressnell
Richard Rhoda
Justin Wilson

Appeals Committee

John Morgan, Chair
Joe DiPietro
Gary Adcox
Richard Rhoda
Justin Wilson

Audit Committee

Larry Martin
Claude Pressnell
Keri McInnis

Tennessee Student Assistance Corporation

Tuesday June 24, 2014

DECISION ITEM B: Tennessee Promise Scholarship Program
Special Advisory Committee

Staff Recommendation: That the board approves the members of the Tennessee Promise Scholarship Program Special Advisory Committee.

Background: Public Chapter 900, the Tennessee Promise Scholarship Act of 2014 states the following:

“The TSAC board of directors shall appoint a special advisory committee comprised of representatives from existing college access programs in the state. The committee shall take steps necessary to eliminate barriers to access to scholarships and hold mentoring organizations to the highest standard in serving the students receiving the scholarship. Members of the committee shall serve without compensation.”

Attached is the list of representatives from college access programs who have expressed an interest in serving on the Special Advisory Committee.

Supporting Document: *Tennessee Student Assistance Corporation,
Tennessee Promise Special Advisory Committee*

Tennessee Student Assistance Corporation
Tennessee Promise Special Advisory Committee

Ayers Foundation, Janet Ayers
Ayers Foundation, Susan Rhodes
MadisonAchieves, Nancy Dishner
Northeast State Community College, Erika Adams,
Southwest Tennessee Development District, Joe Barker
TN College Access and Success Network, Bob Obrohta
TNACHE-SEED, Terry Lashley
tnAchieves, Krissy DeAlejandro
tnAchieves, Randy Boyd

Tennessee Student Assistance Corporation

Tuesday June 24, 2014

DECISION ITEM C: Proposed Rules
Tennessee Education Lottery Scholarship
Program

Staff Recommendation: (1) That the Tennessee Assistance Student Corporation adopts Rule 1640-1-19 as emergency and proposed rules (Tennessee Education Lottery Scholarship).

(2) That the TSAC Board of Directors authorizes the Executive Director to make any necessary technical corrections to these rules including changes suggested by the Tennessee Attorney General.

Background: These rules clarify that the school in which a HOPE scholarship transient student is enrolled certifies the enrollment to TSAC.

These rules also address a finding in TSAC’s recent Sunset Audit which requested clarification to the timelines within which HOPE scholarship appeals can be heard.

Supporting Document: *Rules of the Tennessee Student Assistance Corporation, Chapter 1640-1-19, Tennessee Education Lottery Scholarship.*

(Rule 1640-01-19-.01, continued)

**RULES
OF
TENNESSEE STUDENT ASSISTANCE CORPORATION**

**CHAPTER 1640-01-19
TENNESSEE EDUCATION LOTTERY SCHOLARSHIP PROGRAM**

TABLE OF CONTENTS

1640-01-19-.01	Definitions	1640-01-19-.15	Tennessee Education Lottery Scholarship Award Process
1640-01-19-.02	Scholarship Award Amounts and Classifications	1640-01-19-.16	Continuation of Tennessee Education Lottery Scholarship Award
1640-01-19-.03	Application Process	1640-01-19-.17	Award Made in Error
1640-01-19-.04	General Eligibility	1640-01-19-.18	Refund Policy
1640-01-19-.05	Eligibility – Tennessee HOPE Scholarship	1640-01-19-.19	Converting from Full-time to Part-time Enrollment
1640-01-19-.06	Eligibility – Tennessee ASPIRE Award	1640-01-19-.20	Personal or Medical Leave of Absence
1640-01-19-.07	Eligibility – General Assembly Merit Scholarship	1640-01-19-.21	Military Mobilization of Eligible Students
1640-01-19-.08	Eligibility – Tennessee HOPE Access Grant	1640-01-19-.22	Calculation of Postsecondary Cumulative Grade Point Average
1640-01-19-.09	Eligibility – Tennessee HOPE Foster Child Grant	1640-01-19-.23	Transfer Students
1640-01-19-.10	Eligibility – Wilder-Naifeh Technical Skills Grant	1640-01-19-.24	Transient Students
1640-01-19-.11	Eligibility – Dual Enrollment Grant	1640-01-19-.25	Denial of Initial Eligibility – Failure to Timely Enroll
1640-01-19-.12	Retention of Awards – General Requirements	1640-01-19-.26	Appeal and Exception Process
1640-01-19-.13	Retention of Awards – Tennessee HOPE Access Grant		
1640-01-19-.14	Retention of Awards – Dual Enrollment Grant		

1640-01-19-.01 DEFINITIONS.

- (1) Academic requirement: The term is defined in T.C.A. § 49-4-902.
- (2) Academic Year: The term is defined in T.C.A. § 49-4-902.
- (3) ACT: The ACT Assessment administered by ACT, Inc., exclusive of the essay and optional subject area battery tests.
- (4) Adjusted gross income attributable to the student: The term is defined in T.C.A. § 49-4-902.
- (5) Alternative Study program: Program of study including, but not limited to student exchange programs, practicum, co-op programs and internships that includes travel outside the State of Tennessee that is sponsored or offered by:
 - (a) an eligible postsecondary institution; or
 - (b) an eligible postsecondary institution in conjunction with either another eligible postsecondary or a postsecondary institution that is accredited by a regional accrediting association.
- (6) ASPIRE Award: An award to a student for study in pursuit of an associate or baccalaureate degree at an eligible postsecondary institution who qualifies for a Tennessee HOPE Scholarship and whose adjusted gross income attributable to the student does not exceed the amount as described in T.C.A. § 49-4-915(a)(2).

(Rule 1640-01-19-.01, continued)

- (7) Award Year: A period of time, typically nine (9) months, in which a full-time student is expected to complete the equivalent of a minimum of two (2) semesters of academic study.
- (8) Board of Regents: The board of regents of the state university and community college system of Tennessee.
- (9) Certificate or Diploma: The term is defined in T.C.A. § 49-4-902.
- (10) Continuing Education: Courses and programs that do not lead to a certificate, diploma or degree that are designed for personal development and are an extension of the traditional on-campus learning process.
- (11) Continuous Enrollment: The term is defined in T.C.A. § 49-4-902.
- (12) Corporation: Tennessee Student Assistance Corporation (TSAC).
- (13) Cost of Attendance: The term is defined in T.C.A. § 49-4-902.
- (14) Credit Hours Attempted: The number of semester hours for which a degree-seeking or diploma/ certificate-seeking student attending a postsecondary institution is enrolled as of the institutionally defined census date shall be considered credit hours attempted, regardless of whether a grade has been assigned. This standard shall apply to any change to a non-credit status, notwithstanding anything in Rule 1640-01-19-.22.
- (15) Degree: A two-year associate degree or four-year baccalaureate degree conferred on students by a postsecondary educational institution upon completion of a unified program of study at the undergraduate level.
- (16) Dependent Child of a Military Parent: A natural or adopted child or stepchild whom a military parent claims as a dependent for federal income tax purposes; who is under twenty-one (21) years of age; and who resides in another state or nation only while the military parent is engaged in active military service, on full-time national guard duty, or actively employed by the U.S. Department of Defense.
- (17) Dependent Child of a Full-time Religious Worker: A natural or adopted child or stepchild whom the parent, who is a religious worker, claims as a dependent for federal income tax purposes; who is under twenty-one (21) years of age; and who resides in another nation only while the parent is actively engaged in full-time religious work.
- (18) Distance Education: An educational process that is characterized by the separation, in time or place, between instructor and student. It may include credit hours offered principally through the use of television, audio, or computer transmission, such as open broadcast, closed circuit, cable, or satellite transmission; audio or computer conferencing; video cassettes or discs, or correspondence.
- (19) Dual Enrollment Grant: The term is defined in T.C.A. § 49-4-902.
- (20) Eligible High School: The term is defined in T.C.A. § 49-4-902.
- (21) Eligible Independent Postsecondary Institution: The term is defined in T.C.A. § 49-4-902.
- (22) Eligible Postsecondary Institution: The term is defined in T.C.A. § 49-4-902.
- (23) Eligible Public Postsecondary Institution: The term is defined in T.C.A. § 49-4-902.

(Rule 1640-01-19-.01, continued)

- (24) Entering Freshman: The term is defined in T.C.A. § 49-4-902.
- (25) FAFSA: Free Application for Federal Student Aid or the Renewal FAFSA as authorized by the U. S. Department of Education to indicate eligibility for federal and state financial aid programs.
- (26) Foster Child: A child who was in the custody of the Tennessee Department of Children's Services as described in T.C.A. § 49-4-933(b).
- (27) Full-Time Student: The term is defined in T.C.A. § 49-4-902.
- (28) GED: The term is defined in T.C.A. § 49-4-902.
- (29) General Assembly Merit Scholarship: The term is defined in T.C.A. § 49-4-902.
- (30) Gift Aid: The term is defined in T.C.A. § 49-4-902.
- (31) Grade Point Average (GPA): The numbered grade average calculated using a 4.0 scale, calculated to the hundredth decimal.
- (32) Home School Student: The term is defined in T.C.A. § 49-4-902.
- (33) Home Institution: The eligible postsecondary institution in which the student is enrolled and is in a matriculating status working toward a degree, diploma, or certificate.
- (34) Host Institution: The eligible postsecondary institution the student is temporarily attending as a transient student.
- (35) Immediate Family Member: Spouse, parents, children or siblings.
- (36) Incarcerated: Currently confined to a local, state, or federal correctional institution, as well as work release or educational release facilities.
- (37) Joint Enrollment: An arrangement between a high school and a postsecondary institution wherein a student enrolls in postsecondary classes while attending high school, but for which the student will receive credit from only one of the two institutions.
- (38) Junior: The term is defined in T.C.A. § 49-4-902.
- (39) Matriculated Status: The student is a recognized candidate for an appropriate degree, diploma, or certificate at an eligible postsecondary educational institution.
- (40) Military Parent: The term is defined in T.C.A. § 49-4-926(b)(2).
- (41) Nonacademic requirement: The term is defined in T.C.A. § 49-4-902.
- (42) Non-Traditional student: The term is defined in T.C.A. § 49-4-902.
- (43) Parent: The term is defined in T.C.A. § 49-4-902.
- (44) Part-time Student: The term is defined in T.C.A. § 49-4-902.
- (45) Regional Accrediting Association: The term is defined in T.C.A. § 49-4-902.
- (46) Religious Worker: The term is defined in T.C.A. § 49-4-934(b)(2).

(Rule 1640-01-19-.01, continued)

- (47) SAT: The SAT administered by the College Board, exclusive of the essay and optional subject area battery tests.
- (48) Satisfactory Academic Progress: Progress in a course of study in accordance with the standards and practices used for Title IV programs by the postsecondary institution at which the student is currently enrolled.
- (49) Semester: The term is defined in T.C.A. § 49-4-902.
- (50) Semester grade point average: The grade point average for the semester as calculated by the postsecondary institution utilizing its institutional grading policy.
- (51) Semester Hour: The term is defined in T.C.A. § 49-4-902.
- (52) Study Abroad Program: Programs of study for which college credit is earned that include travel outside the United States.
- (53) TELS (Tennessee Education Lottery Scholarship) Award: Any scholarship and/or grant provided for by these rules that a student is eligible to receive, excluding the Dual Enrollment Grant.
- (54) Tennessee HOPE Access Grant: The term is defined in T.C.A. § 49-4-902.
- (55) Tennessee HOPE Foster Child Tuition Grant: A grant in addition to the Tennessee HOPE Scholarship to a foster child to only be used towards the costs of tuition, maintenance fees, student activity fees and required registration or matriculation fees at the eligible postsecondary institution the student attends.
- (56) Tennessee HOPE Scholarship: The term is defined in T.C.A. § 49-4-902.
- (57) Tennessee National Guard: The term is defined in T.C.A. § 49-4-926(b)(3).
- (58) Test Date: The date designated for the ACT test administered by ACT, Inc., or the date designated for the SAT test administered by the College Board at national test centers. This shall also include the administration of either test on other dates as approved by the respective testing entities to accommodate an individual student's documented disability or other hardship, as well as a statewide test date established by the State Department of Education that is sanctioned by the respective test entities.
- (59) Title IV: The term is defined in T.C.A. § 49-4-902.
- (60) Transient Student: A visiting student enrolled in another institution who is granted temporary admission for the purpose of completing work to transfer back to the home institution and who expects to return to the institution in which he or she was previously enrolled.
- (61) TSAC: Tennessee Student Assistance Corporation.
- ~~(6162)~~ Undergraduate Student: A student attending an eligible postsecondary institution and enrolled in a program leading to a diploma/certificate, an associate degree, or a bachelor's degree.
- ~~(6263)~~ Unweighted Grade Point Average: The term is defined in T.C.A. § 49-4-902.
- ~~(6364)~~ Weighted Grade Point Average: The term is defined in T.C.A. § 49-4-902.

(Rule 1640-01-19-.01, continued)

(~~6465~~) Wilder-Naifeh Technical Skills Grant: The term is defined in T.C.A. § 49-4-902.

Authority: T.C.A. §§ 49-4-201, 204, 49-4-903, 49-4-912, 49-4-914, 49-4-915, 49-4-916, 49-4-919, 49-4-920, 49-4-921, 49-4-922, 49-4-924, 49-4-926, 49-4-930, 49-4-933, 49-4-934, and 49-4-935.

Administrative History: Original rule filed December 29, 2003; effective April 29, 2004. Amendments filed October 21, 2004; effective February 28, 2005. Amendment filed January 25, 2005; effective May 31, 2005. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-01-19-.01 through 1640-01-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-01-19-.01 through 1640-01-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 30, 2006; expires May 14, 2007. Amendment filed November 30, 2006; effective March 30, 2007. Public necessity rule filed November 20, 2007; effective through May 3, 2008. Repeal and new rule filed November 20, 2007; effective March 28, 2008. Public necessity rule filed October 23, 2008; effective through April 6, 2009, expired on April 7, 2009; rule reverted to its previous status. Amendment filed January 30, 2009; effective May 29, 2009.

1640-01-19-.02 SCHOLARSHIP AWARD AMOUNTS AND CLASSIFICATIONS.

- (1) The Tennessee Education Lottery Scholarship program is intended to provide financial awards to offset costs associated with pursuing postsecondary education.
- (2) Award amounts for the following programs shall be determined in accordance with T.C.A. § 4-51-111 and shall be set in the General Appropriations Act:
 - (a) Tennessee HOPE Scholarship Award pursuant to T.C.A. § 49-4-914 (a) and (b);
 - (b) Tennessee ASPIRE supplemental award pursuant to T.C.A. § 49-4-915;
 - (c) General Assembly Merit Scholarship supplemental award pursuant to T.C.A. § 49-4-916;
 - (d) Tennessee HOPE Access Grant award pursuant to T.C.A. § 49-4-920; and
 - (e) Wilder-Naifeh Technical Skills Grant pursuant to T.C.A. § 49-4-921.
- (3) The Dual Enrollment Grant shall be:
 - (a) One hundred dollars (\$100) per semester hour (or equivalent contact hours at technology centers) for a maximum award of three hundred dollars (\$300) per semester and six hundred dollars (\$600) per academic year.
- (4) Tennessee HOPE Foster Child Tuition Grant amounts shall be pursuant to T.C.A. § 49-4-933.
- (5) Recipients of any TELS award as provided by these rules, except for the Dual Enrollment Grant and the Wilder-Naifeh Technical Skills Grant may enroll as a full-time or part-time student at any eligible postsecondary institution. The amount of the award for part-time students shall be based on the hours attempted. Students enrolled in six, seven or eight hours will receive half of the award of full-time students. Students enrolled in nine, ten or eleven hours will receive three quarters of the award of a full-time student.
- (6) Except for approved medical or personal leaves of absence as provided in Rule 1640-01-19-.20 or emergency military duty as provided in Rule 1640-01-19-.21, award recipients must be

(Rule 1640-01-19-.02, continued)

continuously enrolled and maintain satisfactory academic progress at an eligible postsecondary institution.

- (7) In the event that net lottery proceeds are insufficient to fully fund the TELS award program, the Corporation shall determine the appropriate manner in which the various awards shall be reduced.
- (8) Receipt of student financial aid from sources other than TELS that are applied to educational expenses will not operate to reduce the student's TELS award as long as the student's total aid does not exceed the total cost of attendance. In the event that a student's total aid exceeds the cost of attendance, the eligible postsecondary institution shall, to the extent it does not violate applicable federal regulations, use its institutional policy in reducing the student's total aid package.
- (9) The receipt of a Tennessee HOPE Scholarship, Tennessee HOPE Access Grant, Tennessee ASPIRE Award, Tennessee HOPE Foster Child Grant, General Assembly Merit Scholarship or Dual Enrollment Grant is contingent upon admission and enrollment at an eligible postsecondary institution. Academically qualifying for any of these awards programs does not guarantee admission to an eligible postsecondary institution.

Authority: T.C.A. §§ 49-4-201, 49-4-903, 49-4-912, 49-4-914, 49-4-915, 49-4-916, 49-4-919, 49-4-920, 49-4-921, 49-4-922, 49-4-924, 49-4-930, and 49-4-933. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Amendment filed October 21, 2004; effective February 28, 2005. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-01-19-.01 through 1640-01-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-01-19-.01 through 1640-01-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 30, 2006; expires May 14, 2007. Amendment filed November 30, 2006; effective March 30, 2007. Public necessity rule filed November 20, 2007; effective through May 3, 2008. Repeal and new rule filed November 20, 2007; effective March 28, 2008. Amendments filed January 30, 2009; effective May 29, 2009.

1640-01-19-.03 APPLICATION PROCESS.

- (1) The FAFSA shall be the application for all first year TELS awards and the FAFSA, or Renewal FAFSA, shall be the means by which eligible students reapply for TELS awards after their initial year of eligibility. The FAFSA must be submitted by mail or electronically as directed in the FAFSA instructions. Regardless of the adjusted gross income attributable to the student, he or she is required to complete the FAFSA for each academic year in order to apply for and receive a TELS award.
- (2) Students must have a FAFSA received by the U.S. Department of Education on or before September 1 for fall enrollment and February 1 for spring and summer enrollment in determining awards for that academic year. Students enrolling in a Tennessee Technology Center shall have a FAFSA received by the U. S. Department of Education on or before July 1 for the summer trimester, November 1 for the fall trimester and March 1 for the spring trimester. It shall be the responsibility of the student to ensure that the FAFSA is timely submitted to ensure it is received by the above deadlines.
- (3) Students shall apply for the Dual Enrollment Grant during their junior and senior years prior to high school graduation by submitting the Dual Enrollment Grant Application to the postsecondary institution to which the student is seeking admission. The student must renew the Dual Enrollment Grant application each postsecondary academic term.

(Rule 1640-01-19-.03, continued)

- (a) The application deadline shall be set by the high school and postsecondary institution participating in the Dual Enrollment Grant program, but shall be no later than the eligible postsecondary institution's census date for that semester.

Authority: T.C.A. §§ 49-4-201, 49-4-924, and 49-4-930. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-01-19-.01 through 1640-01-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-01-19-.01 through 1640-01-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 20, 2007; effective through May 3, 2008. Amendment filed November 20, 2007; effective March 28, 2008. Amendment filed January 30, 2009; effective May 29, 2009.

1640-01-19-.04 GENERAL ELIGIBILITY.

- (1) To be eligible for a TELS award a student shall:
 - (a) Be a Tennessee citizen; and
 - (b) Be a Tennessee resident, as defined by Chapter 0240-2-2, Classifying Students In-State and Out-of-State, as promulgated by the Board of Regents, for one year as of the date of enrollment in an eligible postsecondary institution; students enrolling in a Tennessee Technology Center must be a Tennessee resident one year prior to date of term enrollment; and
 - (c) Make application for a TELS award by submitting the FAFSA or Renewal FAFSA as required by Rule 1640-01-19-.03; and
 - (d) Be admitted to an eligible postsecondary institution; and
 - (e) Comply with United States Selective Service System requirements for registration, if such requirements are applicable to the student; and
 - (f) Be in compliance with federal drug-free rules and laws for receiving financial assistance; and
 - (g) Meet each qualification relating to the relevant TELS award and applicable to the student; and
 - (h) Not be in default on a federal Title IV educational loan or Tennessee educational loan; and
 - (i) Not owe a refund on a federal Title IV student financial aid program or a Tennessee student financial aid program; and
 - (j) Not be incarcerated.

Authority: T.C.A. §§ 49-4-201, 49-4-904, 49-4-905, and 49-4-924. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-01-19-.01 through 1640-01-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-01-19-.01 through 1640-01-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 30, 2006; expires May 14, 2007. Amendment filed November 30, 2006; effective March 30, 2007. Amendment filed January 30, 2009; effective May 29, 2009.

1640-01-19-.05 ELIGIBILITY – TENNESSEE HOPE SCHOLARSHIP.

- (1) This paragraph applies to student eligibility requirements as amended effective July 1, 2007. To be eligible for a Tennessee HOPE Scholarship as an entering freshman, a student, who graduated from an eligible high school after December 1, 2003, upon having completed curriculum requirements of the high school for graduation, shall meet the requirements of T.C.A. § 49-4-907.
- (2) To be eligible for a Tennessee HOPE scholarship as an entering freshmen, a student who completes high school in a Tennessee home school program after December 1, 2003, who obtains a GED after December 1, 2003, or who graduates from a high school located in Tennessee that is not an eligible high school after December 1, 2003, shall meet the requirements of T.C.A. § 49-4-908.
- (3) To be eligible for a Tennessee HOPE scholarship, a student who graduates from an eligible high school, who graduates from a high school located in Tennessee that is not an eligible high school, who completes high school in a Tennessee home school program, or who obtains a GED after January 1, 2003, but prior to December 1, 2003, shall meet the requirements of T.C.A. § 49-4-909.
- (4) To be eligible for a TELS award, students entering active duty in the United States Armed Services within two (2) years after graduating from an eligible high school, graduating from a high school located in Tennessee that is not an eligible high school, completing high school in a Tennessee home school program or obtaining a GED, shall meet the requirements of T.C.A. § 49-4-918.
- (5) A student who is a Tennessee citizen and a dependent child of a full-time military parent may be eligible for a Tennessee HOPE Scholarship as an entering freshman as provided in this paragraph.
 - (a) Such students may be eligible if they meet all eligibility requirements for a HOPE Scholarship except that:
 1. While the parent is a military parent, the student does not reside in Tennessee immediately preceding the date of application for financial assistance; and
 2. The student did not graduate from an eligible high school as defined in T.C.A. § 49-4-902, an ineligible high school, a Tennessee home school or obtain a GED.
 - (b) Students who graduated from a high school outside of Tennessee may nevertheless be eligible if the high school was:
 1. Operated by the United States; or
 2. Accredited by the appropriate regional accrediting association for the state in which the school is located; or
 3. Accredited by an accrediting association recognized by the foreign nation in which the school is located.
 - (c) Students graduating from high schools outside Tennessee who do not meet the requirements of part 2. of subparagraph (b) may still be eligible for the HOPE Scholarship if they completed high school in a home school program or obtained a GED.

(Rule 1640-01-19-.05, continued)

- (d) Paragraph (5) shall only apply to:
 - 1. Dependent children of members of the armed forces or Tennessee National Guard whose home of record, at the time of entry into military service, is Tennessee; and
 - 2. Dependent children of full-time civilian employees of the U.S. Department of Defense, who are Tennessee residents.
- (6) A student who is a Tennessee citizen and a dependent child of a full-time religious worker may be eligible for a Tennessee HOPE Scholarship as an entering freshman as provided in this paragraph.
 - (a) Such student must meet all Tennessee HOPE Scholarship eligibility requirements except that:
 - 1. While the student's parent is serving in another nation as a religious worker, the student does not reside in Tennessee immediately preceding the date of application for financial assistance; and
 - 2. The student did not graduate from an eligible high school as defined in T.C.A. § 49-4-902, an ineligible high school, a Tennessee home school or obtain a GED.
 - (b) To be eligible for the Tennessee HOPE Scholarship under this paragraph (6), the student must:
 - 1. Graduate from a high school in the foreign nation where the student's parent is a religious worker that is accredited by a regional accrediting association as defined in T.C.A. § 49-4-902 and meet the academic eligibility requirements of T.C.A. § 49-4-907(3); or
 - 2. Complete high school in a home school in the foreign nation where the student's parent is a religious worker and meet the academic requirements of T.C.A. § 49-4-908(2)(A).
 - (c) Paragraph (6) only applies to dependent children of religious workers who are engaged in full-time religious work in another nation for more than one (1) year and who were Tennessee residents before leaving the U.S. to do religious work and intend to return to Tennessee upon completion of their assignment as a religious worker.
- (7) In addition to the requirements of T.C.A. § 49-4-931, to be eligible for a Tennessee HOPE Scholarship, a non-traditional student shall meet the general eligibility requirements of Rule 1640-01-19-.04 and:
 - (a) Is at least twenty-five years (25) of age; and
 - (b) Has an adjusted gross income attributable to the student that does not exceed the amount as described in T.C.A. § 49-4-915(a)(2); and
 - (c) Has enrolled in an eligible postsecondary institution and, except as provided by T.C.A. § 49-4-919, has maintained continuous enrollment at the eligible postsecondary institution either as a first time freshmen; or at least two (2) calendar years since the end of the semester of previously attending any postsecondary institution; and
 - (d) Since meeting the requirements of subparagraph (7)(c), has attended an eligible postsecondary institution and has maintained satisfactory progress in a course of

(Rule 1640-01-19-.05, continued)

study, in accordance with the standards and practices used for Federal Title IV programs at the postsecondary institution attended, either in an associate's degree program at a community college; or in an associate's or bachelor's degree program at a four-year institution; and

- (e) Meets the GPA requirements at the end of the twelve (12) semester hours as described in T.C.A. § 49-4-931(b); and
 - (f) Enrolls in the semester immediately succeeding the semester in which eligibility is established.
 - (g) If the student fails to maintain continuous enrollment as required by subparagraphs (c) and (g) of this paragraph (7), the student must wait two (2) calendar years from the end of the semester of attending any postsecondary institution, before attempting to establish eligibility.
- (8) To be eligible for a Tennessee HOPE Scholarship, students graduating from a high school located in a neighboring state in a county contiguous to Tennessee shall meet the requirements of T.C.A. § 49-4-935.

Authority: T.C.A. §§ 49-4-201, 49-4-905, 49-4-907, 49-4-908, 49-4-909, 49-4-910, 49-4-918, 49-4-924, 49-4-926, 49-4-930, 49-4-931, 49-4-934, and 49-4-935. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Amendments filed October 21, 2004; effective February 28, 2005. Amendments filed January 25, 2005; effective May 31, 2005. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-01-19-.01 through 1640-01-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-01-19-.01 through 1640-01-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 30, 2006; expires May 14, 2007. Amendment filed November 30, 2006; effective March 30, 2007. Public necessity rule filed November 20, 2007; effective through May 3, 2008. Repeal and new rule filed November 20, 2007; effective March 28, 2008. Public necessity rule filed October 23, 2008; effective through April 6, 2009. Public necessity rule filed October 23, 2008 and effective through April 6, 2009, expired on April 7, 2009; rule reverted to its previous status. Amendment filed January 30, 2009; effective May 29, 2009. Amendment filed December 1, 2009; effective May 31, 2010.

1640-01-19-.06 ELIGIBILITY – TENNESSEE ASPIRE AWARD.

- (1) Except as provided in T.C.A. § 49-4-931, any student eligible for the Tennessee HOPE Scholarship with an adjusted gross income attributable to the student that does not exceed the amount as described in T.C.A. § 49-4-915(a)(2) will receive the ASPIRE award in addition to the base award. The adjusted gross income attributable to the student shall be reviewed each academic year to determine continuing eligibility for the ASPIRE award. Notwithstanding the provisions of Rule 1640-01-19-.12 to the contrary, a student otherwise eligible for the Tennessee HOPE Scholarship and meeting the requirements of this rule shall receive the ASPIRE award regardless of the student's eligibility for this grant in any prior year. A student eligible for both the ASPIRE award and the General Assembly Merit Scholarship shall be awarded the ASPIRE award, but shall not simultaneously receive both awards.

Authority: T.C.A. §§ 49-4-201, 49-4-915, 49-4-917, 49-4-924, 49-4-930, and 49-4-931. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-01-19-.01 through 1640-01-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-01-19-.01 through 1640-01-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 30, 2006; expires

(Rule 1640-01-19-.06, continued)

May 14, 2007. Amendment filed November 30, 2006; effective March 30, 2007. . Public necessity rule filed November 20, 2007; effective through May 3, 2008. Repeal and new rule filed November 20, 2007; effective March 28, 2008.

1640-01-19-.07 ELIGIBILITY – GENERAL ASSEMBLY MERIT SCHOLARSHIP.

- (1) To be eligible for the General Assembly Merit Scholarship the student shall meet the requirements of T.C.A. § 49-4-916.
- (2) Students eligible for both the ASPIRE award and the General Assembly Merit Scholarship shall be awarded the ASPIRE award, but shall not simultaneously be awarded both.
- (3) A student eligible for a Tennessee HOPE Scholarship under Rule 1640-01-19-.05(8) shall not be eligible for a General Assembly Merit Scholarship supplemental award under T.C.A. § 49-4-916.

Authority: T.C.A. §§ 49-4-201, 49-4-916, 49-4-917, 49-4-924, and 49-4-935. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Amendments filed October 21, 2004; effective February 28, 2005. Amendments filed January 25, 2005; effective May 31, 2005. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-01-19-.01 through 1640-01-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-01-19-.01 through 1640-01-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 30, 2006; expires May 14, 2007. Amendment filed November 30, 2006; effective March 30, 2007. Public necessity rule filed November 20, 2007; effective through May 3, 2008. Repeal and new rule filed November 20, 2007; effective March 28, 2008.

1640-01-19-.08 ELIGIBILITY – TENNESSEE HOPE ACCESS GRANT.

- (1) In addition to the general eligibility requirements in Rule 1640-01-19-.04, to be eligible for a Tennessee HOPE Access Grant a student shall meet the requirements of T.C.A. § 49-4-920.

Authority: T.C.A. §§ 49-4-201, 49-4-920, and 49-4-924. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Amendments filed October 21, 2004; effective February 28, 2005. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-01-19-.01 through 1640-01-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-01-19-.01 through 1640-01-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 30, 2006; expires May 14, 2007. Amendment filed November 30, 2006; effective March 30, 2007. Public necessity rule filed November 20, 2007; effective through May 3, 2008. Repeal and new rule filed November 20, 2007; effective March 28, 2008.

1640-01-19-.09 ELIGIBILITY – TENNESSEE HOPE FOSTER CHILD GRANT.

- (1) In addition to the general eligibility requirements in Rule 1640-01-19-.04, to be eligible for the Tennessee HOPE Foster Child Grant a student shall meet the requirements of T.C.A. § 49-4-933.
- (2) The Tennessee HOPE Foster Child Tuition Grant shall be the cost of attendance less any gift aid, with the total HOPE Foster Child Tuition Grant amount not to exceed the cost of tuition and mandatory fees at the eligible postsecondary institution attended. Additionally, at an eligible independent postsecondary institution, the Tennessee HOPE Foster Child Tuition Grant shall not exceed the statewide average public tuition and mandatory fee rate for the type of institution (two-year or four-year) attended.

(Rule 1640-01-19-.09, continued)

Authority: T.C.A. §§ 49-4-201, 49-4-924, and 49-4-933. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-01-19-.01 through 1640-01-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-01-19-.01 through 1640-01-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 30, 2006; expires May 14, 2007. Amendment filed November 30, 2006; effective March 30, 2007. Public necessity rule filed November 20, 2007; effective through May 3, 2008. Repeal and new rule filed November 20, 2007; effective March 28, 2008. Public necessity rule filed October 23, 2008; effective through April 6, 2009, expired on April 7, 2009; rule reverted to its previous status. Amendment filed January 30, 2009; effective May 29, 2009.

1640-01-19-.10 ELIGIBILITY – WILDER-NAIFEH TECHNICAL SKILLS GRANT.

- (1) In addition to the general eligibility requirements in Rule 1640-01-19-.04, to be eligible for a Wilder-Naifeh Technical Skills Grant a student shall meet the requirement of T.C.A. § 49-4-921.

Authority: T.C.A. §§ 49-4-201, 49-4-921, and 49-4-924. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Amendment filed October 21, 2004; effective February 28, 2005. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-01-19-.01 through 1640-01-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-01-19-.01 through 1640-01-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 20, 2007; effective through May 3, 2008. Repeal and new rule filed November 20, 2007; effective March 28, 2008.

1640-01-19-.11 ELIGIBILITY – DUAL ENROLLMENT GRANT.

- (1) To be eligible for a Dual Enrollment Grant a student shall meet the requirements of T.C.A. § 49-4-930.
- (2) The student must have completed all of the academic requirements of the 10th grade (high school sophomore) and be classified as an 11th grader (high school junior) or 12th grader (high school senior) by the student's high school or home school program.
- (3) The student must not have already received a high school diploma or GED diploma.
- (4) A student's participation in the Dual Enrollment Grant program is limited to the remaining amount of time normally required to complete the high school diploma, from the time of initial participation in the program. The grant is available for the regular fall and spring semester, and for summer semesters prior to graduation from high school for those students who did not exceed the maximum award during the regular school year.

Authority: T.C.A. §§ 49-4-201, 49-4-924, and 49-4-930. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-01-19-.01 through 1640-01-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-01-19-.01 through 1640-01-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 30, 2006; expires May 14, 2007. Amendment filed November 30, 2006; effective March 30, 2007. Public necessity rule filed November 20, 2007; effective through May 3, 2008. Repeal and new rule filed November 20, 2007; effective March 28, 2008. Amendment filed January 30, 2009; effective May 29, 2009.

1640-01-19-.12 RETENTION OF AWARDS – GENERAL REQUIREMENTS.

- (1) To retain a TELS award authorized by this chapter, a student, including a non-traditional student, at an eligible postsecondary institution shall continue to meet all applicable requirements for the scholarship and shall reapply by completing the FAFSA or Renewal FAFSA pursuant to Rule 1640-01-19-.03 for the applicable award for each academic year.
- (2) Eligibility for the HOPE Scholarship shall be reviewed in accordance with T.C.A. § 49-4-911. These benchmarks for students receiving the TELS as a non-traditional student shall only apply to grades earned and credit hours attempted after enrolling in accordance with rule 1640-01-19-.05(7)(c).
- (3) Except as provided in paragraph (4) of this rule and Rules 1640-01-19-.20 and 1640-01-19-.21, a student may receive a Tennessee HOPE Scholarship until a terminating event as described in T.C.A. § 49-4-913 occurs. For students receiving the TELS as a non-traditional student, the five (5) year limitation will be determined when the sum of the number of years the student received the TELS award as a traditional student, and the years during which the student has received the TELS award as non-traditional student equals five (5) years.
- (4) The attempted credit hour includes remedial and developmental studies and all regular college credit courses attempted after high school graduation. These benchmarks for students receiving the TELS as a non-traditional student shall only apply to grades earned and credit hours attempted after enrolling in accordance with Rule 1640-01-19-.05(7)(c).
- (5) A student who meets all other requirements for fourth or fifth year eligibility except that he or she is classified at the professional level rather than as an undergraduate, and has not been awarded a baccalaureate degree, is eligible if he or she was accepted into the professional level program of study that is an extension of the student's bachelor's degree program.
- (6) If a student ceases to be eligible for any TELS award, except the General Assembly Merit Scholarship, due to failure to achieve the cumulative grade point average required at the end of the semester in which the student has attempted twenty-four (24), forty-eight (48), seventy-two (72), ninety-six (96), or any subsequent multiple of twenty-four (24) semester hours thereafter, the student may regain the applicable award or awards by:
 - (a) Continuing to meet all applicable non-academic requirements for the applicable award or awards; and
 - (b) Maintaining continuous enrollment at an eligible postsecondary institution without the applicable award or awards; and
 - (c) Attaining grade point average requirements as described in T.C.A. § 49-4-911 at the end of any semester in which eligibility would have been reviewed, had the student not lost the award or awards; and
 - (d) Reapplying for the scholarship as provided in Rule 1640-01-19-.03.
- (7) The provisions of paragraph (6) of this rule shall also apply to any student who:
 - (a) Completed high school requirements after December 1, 2003, who, for whatever reason, did not receive a TELS award, notwithstanding the fact that the student met the applicable initial eligibility requirements of Rule 1640-01-19-.05(1); or
 - (b) Completed high school requirements after January 1, 2003 and prior to December 1, 2003, who completed at least twenty-four (24) semester hours during the 2003-2004 academic year with a cumulative grade point average under 2.75, but met all other

(Rule 1640-01-19-.12, continued)

applicable initial eligibility requirements of Rule 1640-01-19-.05(3), and is otherwise eligible for the award.

- (8) No retroactive awards shall be made for semester hours attempted in order to regain the scholarship.
- (9) A student can utilize the option outlined in paragraph (6) of this rule only one time. A student who, after regaining the award or awards pursuant to paragraph (6) of this rule, subsequently fails to retain any TELS award due to failure to achieve the cumulative grade point average at a regular credit hour checkpoint shall not be eligible to regain the TELS award or become eligible for another TELS award.
- (10) Except as provided by Rule 1640-01-19-.20 or 1640-01-19-.21, a student receiving a TELS award provided by this chapter shall maintain continuous enrollment at an eligible postsecondary institution and maintain satisfactory progress in a course of study in accordance with the standards and practices used for Title IV programs by the postsecondary institution in which the student is currently enrolled.

Authority: T.C.A. §§ 49-4-201, 49-4-909, 49-4-911, 49-4-912, 49-4-913, 49-4-920, 49-4-921, 49-4-924, and 49-4-931. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-01-19-.01 through 1640-01-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-01-19-.01 through 1640-01-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 30, 2006; expires May 14, 2007. Amendment filed November 30, 2006; effective March 30, 2007. Public necessity rule filed November 20, 2007; effective through May 3, 2008. Repeal and new rule filed November 20, 2007; effective March 28, 2008. Public necessity rule filed October 23, 2008 and effective through April 6, 2009, expired on April 7, 2009; rule reverted to its previous status. Amendments filed January 30, 2009; effective May 29, 2009. Amendments filed December 1, 2009; effective May 31, 2010.

1640-01-19-.13 RETENTION OF AWARDS – TENNESSEE HOPE ACCESS GRANT.

- (1) In addition to the general requirements for retention of award in Rule 1640-01-19-.12:
 - (a) A Tennessee HOPE Access Grant shall be awarded to an eligible student only until the end of the semester in which the student has attempted a total of twenty-four (24) semester hours. A student who is eligible for a Tennessee HOPE Scholarship shall be ineligible for a Tennessee HOPE Access Grant.
 - (b) If a student receiving a Tennessee HOPE Access Grant has achieved a cumulative grade point average of at least 2.75 at the end of the semester in which the student has attempted twenty-four (24) semester hours, the student shall be eligible for a Tennessee HOPE Scholarship. The student will also receive the ASPIRE award referenced in Rule 1640-01-19-.06, if the adjusted gross income attributable to the student at the time of review does not exceed the amount described in T.C.A. § 49-4-915(a)(2).
 - (c) If a student ceases to be eligible due to failure to achieve the cumulative grade point average required at the end of the semester in which the student has attempted twenty-four (24) semester hours, the student may be eligible to regain the HOPE Scholarship by following the procedure outlined in Rule 1640-01-19-.12(6).

(Rule 1640-01-19-.13, continued)

- (d) A student may receive a Tennessee HOPE Scholarship after having received a Tennessee HOPE Access Grant until a terminating event as described in T.C.A. § 49-4-913 occurs.

Authority: T.C.A. §§ 49-4-201, 49-4-913, 49-4-915, 49-4-920, and 49-4-924. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-01-19-.01 through 1640-01-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-01-19-.01 through 1640-01-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 20, 2007; effective through May 3, 2008. Repeal and new rule filed November 20, 2007; effective March 28, 2008.

1640-01-19-.14 RETENTION OF AWARDS – DUAL ENROLLMENT GRANT.

- (1) To be eligible for a Dual Enrollment Grant the student must meet the minimum requirements pursuant to T.C.A. § 49-4-930.
- (2) The Dual Enrollment cumulative grade point average used to determine eligibility for a renewal of a Dual Enrollment Grant must be calculated by the institution the student is attending, utilizing its institutional grading policy and must be based on all dual enrollment credit hours attempted, except as otherwise provided in this rule.
- (3) Distance education courses and independent studies courses are eligible for payment with a Dual Enrollment Grant and shall be included in the calculation of the postsecondary cumulative grade point average.
- (4) Courses in which a student enrolls as an audit student for which no college credit will be received cannot be paid with a Dual Enrollment Grant.
- (5) Students who obtain a grade change shall notify the financial aid office within thirty (30) calendar days of the grade change and request reinstatement of his/her award on a form developed by the institution for this purpose. If the grade change makes the student eligible for a Dual Enrollment Grant, the student can be awarded retroactively in the current award year. If the grade change affects the student's eligibility from the previous award year, the award may be adjusted in the current award year.
- (6) A student enrolled in a matriculating status at an eligible postsecondary institution shall qualify for award payment for distance education courses.
- (7) The grant will pay only for lower division (courses numbered 100-200 or 1000-2000) postsecondary credit for general education courses and courses in the disciplines. The grant will not pay for upper division courses (numbered 300-400 or 3000-4000).

Authority: T.C.A. §§ 49-4-201, 49-4-924, and 49-4-930. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-01-19-.01 through 1640-01-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-01-19-.01 through 1640-01-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 20, 2007; effective through May 3, 2008. Repeal and new rule filed November 20, 2007; effective March 28, 2008. Public necessity rule filed October 23, 2008 and effective through April 6, 2009, expired on April 7, 2009; rule reverted to its previous status. Amendments filed January 30, 2009; effective May 29, 2009.

1640-01-19-.15 TENNESSEE EDUCATION LOTTERY SCHOLARSHIP AWARD PROCESS.

(Rule 1640-01-19-.15, continued)

- (1) On or before June 30 of each year, all eligible high schools shall submit the name, social security number, grade point averages, and highest composite ACT/SAT score on any single test date, for academically eligible students, cumulative through the eighth semester. Students who graduate from summer school shall have their information reported to TSAC on or before August 15 of each year.
- (2) Eligible postsecondary institutions that enroll students receiving scholarships or grants shall assist in providing and certifying student information necessary for administering, receiving, and evaluating such programs.

Authority: T.C.A. §§ 49-4-201, 49-4-903, and 49-4-924. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-01-19-.01 through 1640-01-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-01-19-.01 through 1640-01-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 20, 2007; effective through May 3, 2008. Repeal and new rule filed November 20, 2007; effective March 28, 2008. Amendment filed January 30, 2009; effective May 29, 2009.

1640-01-19-.16 CONTINUATION OF TENNESSEE EDUCATION LOTTERY SCHOLARSHIP AWARD.

- (1) All students receiving a TELS award shall reapply for the award by filing a FAFSA or Renewal FAFSA as provided in Rule 1640-01-19-.03 for each subsequent year.
 - (a) During the certification process, all eligible postsecondary institutions shall certify the number of credit hours attempted and the cumulative grade point average of all students receiving a TELS award at the end of the semester at which the student has attempted twenty-four (24), forty-eight (48), seventy-two (72), ninety-six (96), or any subsequent multiple of twenty-four (24) semester hours thereafter or as described in T.C.A. § 49-4-911(a)(2).
 - (b) Notwithstanding the provisions of subparagraph (1)(a) above to the contrary, only those grades earned and credit hours attempted by a non-traditional student, after enrolling in accordance with Rule 1640-01-19-.05(7)(c), shall count toward the benchmark requirements.
- (2) In order to remain eligible for the HOPE Scholarship, the student must meet the minimum requirements pursuant to T.C.A. § 49-4-911.
- (3) Students who reach a benchmark during the summer semester shall have their continuing eligibility determined based upon the cumulative grade point average and semester grade point average, if required, as of the end of the summer semester.
- (4) Students entering into the provisions of T.C.A. § 49-4-911(a)(2) may enter into these provisions as a part-time student. However, upon receiving the award based on the provisions of T.C.A. § 49-4-911(a)(2), the student must maintain continuous enrollment each semester.

Authority: T.C.A. §§ 49-4-201, 49-4-903, 49-4-911, 49-4-924, and 49-4-931. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-01-19-.01 through 1640-01-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-01-19-.01 through 1640-01-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 20, 2007; effective through May 3, 2008. Repeal and new rule filed November 20, 2007; effective March 28, 2008. Public necessity rule filed

(Rule 1640-01-19-.16, continued)

October 23, 2008; effective through April 6, 2009. Public necessity rule filed October 23, 2008 and effective through April 6, 2009, expired on April 7, 2009; rule reverted to its previous status. Amendments filed January 30, 2009; effective May 29, 2009. Amendments filed December 1, 2009; effective May 31, 2010.

1640-01-19-.17 AWARD MADE IN ERROR.

- (1) If a student receives a TELS award and it is later determined that the award or some portion of the award was made in error, the student or the postsecondary institution may be required to repay the amount awarded in error.
- (2) If TSAC determines that the error was through no fault of the student, the student will not be required to repay the amount of the payment made in error.
- (3) Repayment from the student will be required if TSAC determines that fraud was committed or the error was through fault of the student. When repayment is required, the student may not receive additional student aid from the Corporation until repayment is made.
- (4) Repayment from the postsecondary institution will be required if TSAC determines that the error was through the fault of the postsecondary institution.

Authority: T.C.A. §§ 49-4-201 and 49-4-924. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-01-19-.01 through 1640-01-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-01-19-.01 through 1640-01-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 20, 2007; effective through May 3, 2008. Repeal and new rule filed November 20, 2007; effective March 28, 2008.

1640-01-19-.18 REFUND POLICY.

- (1) If a recipient of a TELS award or a Dual Enrollment Grant fails to complete a semester for any reason, the eligible postsecondary institution shall apply its refund policy to determine whether a refund may be required and/or funds returned to the Corporation. The eligible postsecondary institution shall provide the student with a notice indicating the amount to be returned to the student or the amount to be refunded to the Corporation. Additionally, the eligible postsecondary institution shall notify the Corporation of the chargeback, which shall be noted on the student's record. The eligible postsecondary institution shall also be responsible for obtaining repayment from the student. The student shall be ineligible for student aid from the Corporation until the refund is paid.

Authority: T.C.A. §§ 49-4-201 and 49-4-924. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-01-19-.01 through 1640-01-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-01-19-.01 through 1640-01-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 20, 2007; effective through May 3, 2008. Repeal and new rule filed November 20, 2007; effective March 28, 2008. Amendment filed January 30, 2009; effective May 29, 2009.

1640-01-19-.19 CONVERTING FROM FULL-TIME TO PART-TIME ENROLLMENT.

- (1) Students enrolled in a full-time status, as of institutionally defined census date, may not convert to part-time status within the same semester and receive a scholarship award for the

(Rule 1640-01-19-.19, continued)

- succeeding semesters unless the student requests and the institution approves the change to part-time status.
- (2) An institution may allow a change from full-time to part-time status within the same semester only when there are documented medical or personal grounds. Such medical or personal grounds shall include, but not be limited to, illness of the student, illness or death of an immediate family member, extreme financial hardship of the student or student's immediate family, or other extraordinary circumstances beyond the student's control where continued full-time attendance by the student creates a substantial hardship.
 - (3) Each eligible postsecondary institution shall adopt procedures for considering student requests for change from full-time to part-time status within the semester. In the event an institution denies a student's request to change from full-time status to part-time status within a semester, the student may appeal the decision pursuant to Rule 1640-01-19-.26.
 - (4) In the event that the decision to deny the change of status is upheld through the appeals process, the student shall be ineligible to regain the TELS award or become eligible for another TELS award.
 - (5) In the event the change to part-time status is approved, the eligible postsecondary institution shall apply its refund policy to determine whether a refund may be required and/or funds returned to the Corporation. The eligible postsecondary institution shall provide the student with a notice indicating the amount to be returned to the Corporation. Additionally, the eligible postsecondary institution shall notify the Corporation of the chargeback, which shall be noted on the student's record.
 - (6) For the purposes of this rule, only courses that are included in the calculation of the grade point average pursuant to Rule 1640-01-19-.22 are to be considered in determining full-time status.
 - (7) In the event the student is eligible for the HOPE Scholarship as defined in T.C.A. § 49-4-911(a)(2) then the student shall maintain continuous enrollment on a semester-by-semester basis.

Authority: T.C.A. §§ 49-4-201, 49-4-911, 49-4-912, and 49-4-924. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-01-19-.01 through 1640-01-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-01-19-.01 through 1640-01-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed October 23, 2008; effective through April 6, 2009. Public necessity rule filed October 23, 2008 and effective through April 6, 2009, expired on April 7, 2009; rule reverted to its previous status. Amendment filed January 30, 2009; effective May 29, 2009.

1640-01-19-.20 PERSONAL OR MEDICAL LEAVE OF ABSENCE.

- (1) A student may be granted medical or personal leaves of absence from attendance at an eligible postsecondary institution and resume receiving an award(s) upon resumption of the student's attendance at an eligible postsecondary institution so long as all other applicable eligibility criteria are met. Each eligible postsecondary institution shall adopt procedures for considering student requests for leaves of absence. An eligible postsecondary institution may grant leaves of absence only for medical or personal reasons. Allowable medical or personal reasons shall include, but not be limited to, illness of the student, illness or death of an immediate family member, extreme financial hardship of the student or student's immediate family, to fulfill a religious commitment expected of all students of that faith, or other extraordinary circumstances beyond the student's control where continued attendance

(Rule 1640-01-19-.20, continued)

by the student creates a substantial hardship. Acceptable reasons shall also include a student's participation in an internship or co-op program that is required or encouraged as part the academic program in which he/she is enrolled. In the event an institution denies a student's request for a medical or personal leave of absence, the student may appeal the decision in accordance with Rule 1640-01-19-.26.

- (2) Students granted a medical or personal leave of absence who resume their education at an eligible postsecondary institution shall retain TELS award eligibility until a terminating event as described in T.C.A. § 49-4-913 occurs.

Authority: T.C.A. §§ 49-4-201, 49-4-903, 49-4-913, 49-4-919, and 49-4-924. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-01-19-.01 through 1640-01-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-01-19-.01 through 1640-01-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 20, 2007; effective through May 3, 2008. Repeal and new rule filed November 20, 2007; effective March 28, 2008.

1640-01-19-.21 MILITARY MOBILIZATION OF ELIGIBLE STUDENTS.

- (1) Members of the United States Armed Services, National Guard, or Armed Forces Reserves receiving a TELS award who are mobilized for active duty during a semester that is already in progress shall be granted a personal leave of absence by the eligible postsecondary institution the student is attending and shall not have their TELS award eligibility negatively impacted.
- (2) If, as a result of being mobilized, a student elects to completely withdraw from an eligible postsecondary institution, then the hours attempted during the semester will not be taken into consideration for purposes of determining future TELS award eligibility.
- (3) If due to a military mobilization the student elects to receive an "incomplete" in any or all courses, the provisions of Rule 1640-01-19-.22 shall apply.
- (4) Upon re-enrollment within one year following mobilization, the student's TELS award eligibility will resume as if no break in enrollment had occurred and shall retain TELS award eligibility until a terminating event as described in T.C.A. § 49-4-913 occurs.
- (5) An eligible postsecondary institution shall be authorized to consider a request for a leave of absence from a student whose spouse, child, father or mother is mobilized for active duty as a valid basis for a personal leave of absence. This request shall be made in accordance with the provisions of this rule. If the request is granted the student shall receive the same accommodations described above.
- (6) Tennessee residents attending an out-of-state institution, otherwise eligible, shall not have their TELS award eligibility negatively impacted by military mobilization upon their return to the state as a transfer student attending an eligible postsecondary institution.

Authority: T.C.A. §§ 49-4-201, 49-4-903, 49-4-913, 49-4-919, and 49-4-924. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-01-19-.01 through 1640-01-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-01-19-.01 through 1640-01-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 20, 2007; effective through May 3, 2008. Repeal and new rule filed November 20, 2007; effective March 28, 2008.

1640-01-19-.22 CALCULATION OF POSTSECONDARY CUMULATIVE GRADE POINT AVERAGE.

- (1) The postsecondary cumulative grade point average used to determine eligibility for a renewal of a TELS award, must be calculated by the institution the student is attending, utilizing its institutional grading policy and must be based on all credit hours attempted after high school graduation, except as otherwise provided in this rule and as described in T.C.A. § 49-4-911.
 - (a) Notwithstanding the provisions of paragraph (1) above to the contrary, only those grades earned and credit hours attempted by a non-traditional student, after enrolling in accordance with Rule 1640-01-19-.05(7)(c), shall count toward the benchmark requirements.
- (2) All credit hours attempted at all postsecondary institutions the student has attended after graduating from high school and their corresponding grades must be included in the calculation of the postsecondary cumulative grade point average, regardless of whether the receiving institution will apply the credit hours toward the student's degree requirements. Except as provided in subparagraph (a) of this paragraph, credit hours that were repeated shall be included in the postsecondary cumulative grade point average calculation.
 - (a) A student shall have a one-time option to repeat one course and utilize only the higher of the two grades in the calculation of their postsecondary grade point average for purposes of determining continued eligibility for a TELS award. The semester hours for both attempted courses, however, will be included in the overall number of attempted hours for determining HOPE Scholarship eligibility.
 - (b) It shall be the responsibility of the student to advise the appropriate official of the eligible postsecondary institution when this option is being exercised.
- (3) Grades received for courses attempted prior to high school graduation, completion of a home school program in Tennessee or GED attainment, including those attempted with the Dual Enrollment Grant, do not count in the postsecondary cumulative grade point average or in the attempted hours for determining HOPE Scholarship eligibility.
- (4) Credit hours earned by examination are not eligible for payment with TELS awards and shall not be included in the postsecondary cumulative grade point average or in the attempted hours for determining HOPE Scholarship eligibility.
- (5) Credit hours attempted as part of a diploma or certificate program of study are not considered to be college credit hours and therefore shall not be included in the postsecondary cumulative grade point average or in the attempted hours for determining HOPE Scholarship eligibility unless those hours are accepted toward a degree.
- (6) Remedial and developmental studies and independent studies courses are eligible for payment with TELS awards and shall be included in the calculation of the postsecondary cumulative grade point average and in the attempted hours for determining HOPE Scholarship eligibility.
- (7) Courses in which a student enrolls as an audit student for which no college credit will be received cannot be paid with a TELS award or included in the attempted hours for determining HOPE Scholarship eligibility.
- (8) Continuing education courses are not eligible for payment with TELS awards and shall not be included in the postsecondary cumulative grade point average or in the attempted hours for determining HOPE Scholarship eligibility.

(Rule 1640-01-19-.22, continued)

- (9) A student who obtains a grade change shall notify the financial aid office within thirty (30) calendar days of the grade change and request reinstatement of his or her award on a form developed by the institution for this purpose. If the grade change makes the student eligible for a TELS award, the student can be awarded a TELS award retroactively in the current award year. If the grade change affects the student's eligibility from the previous award year, the TELS award may be adjusted in the current award year. The eligible postsecondary institution shall make necessary reductions in the student's financial aid package if the reinstatement of a TELS award results in either an over-award of need based aid or exceeds the institution's cost of attendance for any semester. If the student's application for reinstatement is denied, he or she may appeal the decision in accordance with Rule 1640-01-19-.26.
- (10) A student enrolled in a matriculating status at an eligible postsecondary institution shall qualify for TELS award payment for distance education courses if all other eligibility requirements are met. Students may take courses through more than one eligible postsecondary institution during the same semester. Payment for the distance education courses shall be made in the same manner as transient students as provided in Rule 1640-01-19-.24.
- (11) A student enrolled in a matriculating status at an eligible postsecondary institution may qualify for TELS award payment while participating in an internship or co-op program if the student receives college credit from the internship or co-op experience and must pay tuition and fees. The semester hours shall be included in the postsecondary cumulative grade point average.
- (12) A student enrolled in a matriculating status at an eligible postsecondary institution may qualify for TELS award payment while participating in an alternative study or study abroad program if all other eligibility requirements are met. The eligible postsecondary institution which is the student's home institution must approve the alternative study or study abroad program for credit toward the student's degree and the number of hours that will be applied toward the degree prior to the student's departure.
- (13) Courses that appear on a student's transcript as an "incomplete" shall be considered credit hours attempted. The student's TELS award eligibility, however, shall be determined by excluding the credit hours attributable to the course for which an "incomplete" has been assigned from the cumulative grade point average calculation.
 - (a) If the student fails to retain eligibility for a TELS award as a result of the calculation of an incomplete, but later becomes eligible when the grade for the "incomplete" course is reported, the student is eligible to receive a TELS award retroactively within the award year and shall retain eligibility. Retroactive TELS awards for previous award years shall be added to the current award year. The eligible postsecondary institution shall, however, make necessary reductions in the student's financial aid package if the reinstatement of a TELS award results in either an over award of need based aid or exceeds the institution's cost of attendance for any semester. It shall be the responsibility of the student to notify the financial aid office at the eligible postsecondary institution that a grade has been awarded and request that the TELS award be reinstated. Each eligible postsecondary institution shall develop a standard form for use by students to comply with this provision. If the student's application for reinstatement is denied, he/she may appeal the decision in accordance with Rule 1640-01-19-.26.
 - (b) If the student retains eligibility for a TELS award as a result of the calculation, but later becomes ineligible when the grade for the "incomplete" course is reported, then the student shall be ineligible for all TELS awards. Additionally, the student shall reimburse the institution for TELS awards received in the interim.

(Rule 1640-01-19-.22, continued)

- (14) Courses in which a student withdraws shall not be used in calculating the cumulative grade point average. The hours shall be included in the attempted hours for determining HOPE Scholarship eligibility.
- (15) Courses in which a student takes a pass/fail course shall not be used in calculating the cumulative grade point average. The hours shall be included in the attempted hours for determining HOPE Scholarship eligibility.

Authority: T.C.A. §§ 49-4-201, 49-4-903, 49-4-911, 49-4-913, 49-4-919, 49-4-924, and 49-4-931. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-01-19-.01 through 1640-01-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-01-19-.01 through 1640-01-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 30, 2006; expires May 14, 2007. Amendment filed November 30, 2006; effective March 30, 2007. Public necessity rule filed November 20, 2007; effective through May 3, 2008. Repeal and new rule filed November 20, 2007; effective March 28, 2008. Public necessity rule filed October 23, 2008; effective through April 6, 2009; rule reverted to its previous status. Amendments filed January 30, 2009; effective May 29, 2009. Amendments filed December 1, 2009; effective May 31, 2010.

1640-01-19-.23 TRANSFER STUDENTS.

- (1) To be eligible for a Tennessee HOPE scholarship as a transfer student from a regionally accredited postsecondary institution located outside of Tennessee, a student shall meet the requirements of T.C.A. § 49-4-929.
- (2) Any student who was initially eligible for a Tennessee HOPE Scholarship or HOPE Access Grant but who instead of enrolling at either an eligible 2-year or 4-year postsecondary institution enrolled at a Tennessee Technology Center and obtained the Wilder-Naifeh Technical Skills Grant and completed a diploma program is eligible for a HOPE Scholarship at either an eligible 2-year or 4-year postsecondary institution. The student must apply for a HOPE Scholarship within three (3) years of completing the diploma program.

Authority: T.C.A. §§ 49-4-201, 49-4-910, 49-4-911, 49-4-924, 49-4-929, and 49-4-937. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-01-19-.01 through 1640-01-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-01-19-.01 through 1640-01-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 30, 2006; expires May 14, 2007. Amendment filed November 30, 2006; effective March 30, 2007. Public necessity rule filed November 20, 2007; effective through May 3, 2008. Repeal and new rule filed November 20, 2007; effective March 28, 2008. Public necessity rule filed October 23, 2008; effective through April 6, 2009, expired on April 7, 2009; rule reverted to its previous status. Amendment filed January 30, 2009; effective May 29, 2009.

1640-01-19-.24 TRANSIENT STUDENTS.

- (1) A transient student is eligible to receive a TELS award if all other eligibility requirements are met and if both the home and host institutions are eligible postsecondary institutions. The ~~home~~-host institution shall award the TELS funds to the transient student based on certification of eligibility from the host institution. The home institution shall certify to the ~~Corporation~~-TSAC that the student is eligible for a TELS award. Each eligible postsecondary institution shall develop a process to effectuate each provision of this rule and shall notify its students of the process and the availability of the necessary forms to comply with the requirements. At the end of the semester, the host institution shall provide the student's

(Rule 1640-01-19-.24, continued)

home institution with all information necessary for the home institution to determine continued TELS award eligibility.

Authority: T.C.A. §§ 49-4-201, 204, 49-4-903, and 49-4-924. **Administrative History:** Public necessity rules 1640-01-19-.01 through 1640-01-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-01-19-.01 through 1640-01-19-.26 reverted to reserved status. Original rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 20, 2007; effective through May 3, 2008. Amendment filed November 20, 2007; effective March 28, 2008.

1640-01-19-.25 DENIAL OF INITIAL ELIGIBILITY – FAILURE TO TIMELY ENROLL.

- (1) A student who fails to timely enroll in an eligible postsecondary institution as required by Rule 1640-01-19-.05 may be granted an exception if the student failed to meet the requirement for any reason provided for in this rule. An exception shall be granted only for medical or personal reasons. Acceptable medical or personal reasons shall include, but not be limited to, illness of the student, illness or death of an immediate family member, extreme financial hardship of the student or student's immediate family, to fulfill a religious commitment expected of all students of that faith, or other extraordinary circumstances beyond the student's control where timely enrollment by the student would create a substantial hardship. In the event a student's request for an exemption for failing to timely enroll is denied, the student may appeal the decision pursuant to the Rule 1640-01-19-.26.

Authority: T.C.A. §§ 49-4-201, 49-4-903, and 49-4-924. **Administrative History:** Public necessity rules 1640-01-19-.01 through 1640-01-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-01-19-.01 through 1640-01-19-.26 reverted to reserved status. Original rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 20, 2007; effective through May 3, 2008. Amendment filed November 20, 2007; effective March 28, 2008.

1640-01-19-.26 APPEAL AND EXCEPTION PROCESS.

- (1) Each eligible postsecondary institution shall establish an Institutional Review Panel (IRP) for the purposes of rendering a decision in order to deny or revoke an applicant's TELS award. Each eligible postsecondary institution shall establish written procedures for an applicant or recipient to appeal a decision of an eligible postsecondary institution to deny or revoke a TELS award. These procedures shall include, but not be limited to, the establishment and composition of the IRP and the process and timelines for appeals to the IRP. Each eligible postsecondary institution shall also establish a process to ensure students applying for or receiving a TELS award are notified of the procedures to appeal the denial or revocation of a TELS award including the timeframe within which an appeal must be filed with the TELS Award Appeals Panel. No eligible postsecondary institution official rendering a decision to deny or revoke a TELS award shall participate in the appeal process for the same applicant or recipient. The IRP may award or reinstate the student's TELS award without a meeting and shall make such determination no later than fourteen (14) calendar days after an applicant or recipient properly files an appeal. If the IRP determines that a meeting is required, the IRP shall hear the appeal no later than fourteen (14) calendar days after an applicant or recipient properly files an appeal. Except where exigent circumstances exist, the IRP shall render a decision no later than seven (7) calendar days after meeting to consider an appeal. Such decision shall be reduced to writing and shall include a summary of the pertinent facts and issues and the panel's decision and reasons for the decision. The IRP shall provide a copy of the written IRP decision letter to the appellant as soon as practicable. ~~For the purposes of this rule, it will be presumed that the decision was delivered to the appellant two (2) calendar days after the decision was placed in the U.S. Postal Service addressed to the appellant's official mailing address according to the eligible postsecondary institution's records.~~

(Rule 1640-01-19-.26, continued)

(2) The TELS Award Appeals Panel shall be appointed by ~~the Corporation's~~ TSAC's Executive Director for the purpose of meeting to consider appeals from decisions rendered by the IRPs. No official of an eligible postsecondary institution shall sit as a member of the Appeals Panel where the denial or revocation being appealed involves such official's eligible postsecondary institution. A student seeking an appeal of a decision rendered by an IRP shall request an appeal, to include a written statement outlining the basis for the appeal as well as all pertinent information related to the appeal, with ~~the Corporation~~ TSAC within forty-five (45) calendar days from the date of the IRP decision letter, that the decision was delivered to the student. A complete record of the institutional IRP ruling shall be provided to the ~~Corporation~~ TSAC by the student. The Appeals Panel may award or reinstate the student's TELS award without a meeting. This decision shall be made no later than thirty (30) calendar days after an appeal is properly filed and the record from the IRP meeting is received. If the Appeals Panel determines that a meeting is required the Appeals Panel shall consider the appeal no later than forty-five (45) calendar days after the appeal is properly filed, unless an extension is requested by the appellant prior to the expiration of the forty-five (45) day time period and granted by the Appeals Panel. Except where exigent circumstances exist, the Appeals Panel shall render a decision no later than fourteen (14) calendar days after ruling on an appeal. Such decision shall be reduced to writing and shall include a summary of the pertinent facts and issues and the panel's decision. The Appeals Panel shall provide a copy of the written decision to the appellant and the appellant's home institution as soon as practicable. The Appeals Panel is the final administrative appeal.

(3) A student may appeal directly to TSAC without first appealing to the IRP under the following circumstances:

(a) Where the reason for the loss of eligibility occurred at a regionally-accredited out-of-state postsecondary institution and the student is now enrolled or attempting to enroll in an eligible postsecondary institution;

(b) Where the loss of eligibility occurs at one eligible postsecondary institution prior to the student transferring to another eligible postsecondary institution;

(c) Where a student has delayed postsecondary enrollment beyond sixteen (16) months after high school graduation;

(d) Where a student withdraws from an eligible postsecondary institution while seeking eligibility as a non-traditional student;

(e) Where a student is enrolled part-time and is seeking an extension to the five-year terminating event due to a documented medical disability as certified by a licensed physician; or

(f) At ~~TSAC's~~ discretion where the loss of eligibility was due to extraordinary circumstances.

(34) The authority of the IRPs and the TELS Award Appeals Panel shall be strictly limited to consideration of appeals arising from eligibility determinations made by an eligible postsecondary institution or ~~the Corporation~~ TSAC. Neither appeals panel shall have the authority to rule on the validity of any information provided to the eligible postsecondary institution or ~~Corporation~~ TSAC by another entity on which its decision to deny or revoke a TELS award was based, including, but not limited to high school grade point average, ACT or SAT scores, or grades from another eligible postsecondary institution. Additionally, neither appeals panel shall have the authority to consider requests for exceptions to the high school or collegiate grade point average.

(Rule 1640-01-19-.26, continued)

Authority: T.C.A. §§ 49-4-201, 204, and 49-4-924. **Administrative History:** Public necessity rules 1640-01-19-.01 through 1640-01-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-01-19-.01 through 1640-01-19-.26 reverted to reserved status. Original rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 30, 2006; expires May 14, 2007. Amendment filed November 30, 2006; effective March 30, 2007. Public necessity rule filed November 20, 2007; effective through May 3, 2008. Repeal and new rule filed November 20, 2007; effective March 28, 2008. Public necessity rule filed October 23, 2008; effective through April 6, 2009, expired on April 7, 2009; rule reverted to its previous status. Amendments filed January 30, 2009; effective May 29, 2009.

Tennessee Student Assistance Corporation

Tuesday June 24, 2014

DECISION ITEM D: Emergency and Proposed Rules
Tennessee Promise Scholarship Program

Staff Recommendation: (1) That the Tennessee Assistance Student Corporation adopts Rule 1640-1-26 as both emergency and proposed rules (Tennessee Promise Scholarship Program).

(2) That the TSAC Board of Directors authorizes the Executive Director to make any necessary technical corrections to these rules including changes required by the Tennessee Attorney General.

Background: The proposed rule implements Public Chapter 900, the Tennessee Promise Scholarship Act of 2014.

These rules will be implemented at the earliest possible time after they have been approved by the Tennessee Attorney General. The rules will then be filed with the Secretary of State.

Supporting Document: *Draft Rules of the Tennessee Student Assistance Corporation, Chapter 1640-1-26, Tennessee Promise Scholarship Program, June 24, 2014.*

**CHAPTER 1640-01-26
TENNESSEE PROMISE SCHOLARSHIP PROGRAM**

TABLE OF CONTENTS

1640-01-26-.01	Definitions	1640-01-26-10	Partnering Organizations – Service in Counties
1640-01-26-.02	Scholarship Award Amounts and Classifications	1640-01-26-.11	Terminating Events
1640-01-26-.03	Application Process	1640-01-26-.12	Tennessee Promise Scholarship Reforms
1640-01-26-.04	Eligibility – Tennessee Promise Scholarship Program	1640-01-26-.13	Certification of Eligibility
1640-01-26-.05	Eligibility – Early High School Graduation	1640-01-26-.14	Evaluation of the Tennessee Promise Scholarship
1640-01-26-.06	Personal or Medical Leave of Absence	1640-01-26-.15	Award Made in Error
1640-01-26-.07	Community Service Program Requirements	1640-01-26-.16	Refund Policy
1640-01-26-.08	Selection of Partnering Organizations	1640-01-26-.17	Transfer Students
1640-01-26-.09	Participating Organization Requirements	1640-01-26-.18	Appeal and Exception Process

1640-01-26-.01 DEFINITIONS.

- (1) **Academic Requirement:** A requirement of a specified grade point average or satisfactory academic progress that determines the continuing eligibility for postsecondary financial assistance from the Tennessee Promise Scholarship.
- (2) **Board of Regents:** The board of regents of the state university and community college system of Tennessee.
- (3) **Board of Directors:** The board of directors of the Tennessee Student Assistance Corporation.
- (4) **Certificate or Diploma:** The term is defined in T.C.A. § 49-4-902.
- (5) **Continuous Enrollment:** The term is defined in T.C.A. 49-4-708.
- (6) **Cumulative Grade Point Average:** The grade point average as calculated by the eligible postsecondary institution.
- (7) **Degree:** A two-year associate degree conferred on students by a postsecondary education institution upon completion of a program of study.
- (8) **Eligible High School:** The term is defined in T.C.A. § 49-4-902.
- (9) **Eligible Postsecondary Institution:** The term is defined in T.C.A. § 49-4-708.
- (10) **Entering Freshman:** A student who enrolls in an eligible postsecondary institution as a participant in the Tennessee Promise Scholarship program in the fall term immediately following high school graduation, completion of a home school program, or attainment of a GED or HiSET diploma. Exceptions to this enrollment requirement may be made for students enrolled in a Tennessee College of Applied Technology or for personal or medical leaves of absence as outlined in these rules.
- (11) **FAFSA:** Free Application for Federal Student Aid or the Renewal FAFSA as authorized by the U. S. Department of Education to indicate eligibility for federal and state financial aid programs.
- (12) **Full-Time Student:** The term is defined in T.C.A. § 49-4-708.
- (13) **GED:** The term is defined in T.C.A. § 49-4-902.

(Rule 1640-01-26-.01, continued)

- (14) Gift Aid: The term is defined in T.C.A. § 49-4-902.
- (15) HiSET: The High School Equivalency Test credential awarded by a state-approved institution or organization.
- (16) Home School Student: The term is defined in T.C.A. § 49-4-708.
- (17) Immediate Family Member: Spouse, parents, children, or siblings.
- (18) Mentor: An individual of at least 21 years of age who is assigned by a Partnering Organization to assist Tennessee Promise Scholarship program participants in the college application and financial aid process. Mentors may serve in a volunteer or employed capacity at the discretion of the Partnering Organization.
- (19) Parent: The parent or legal guardian of a student.
- (20) Partnering Organization: A not-for-profit organization selected by TSAC to administer the Tennessee Promise Scholarship program.
- (21) Resident: The term is defined in The term is defined in Tenn. Comp. R. & Regs. 0240-.02-.02.
- (22) Satisfactory Academic Progress: Progress in a course of study in accordance with the standards and practices used for Title IV programs by the Tennessee College of Applied Technology at which the student is currently enrolled.
- (23) Semester: The term is defined in T.C.A. § 49-4-902.
- (24) Semester Hour: The credit hour used by a postsecondary institution, if the institution is on a semester system, or its equivalent, if the institution is on a system other than a semester system. "Semester hour" includes each semester hour attempted, whether remedial or for credit toward a degree, but shall not include any semester hour attempted before graduating from high school or earning a GED® or HiSET.
- (25) TCAT: Tennessee College of Applied Technology.
- (26) Tennessee Promise Scholarship: A last-dollar scholarship to be applied to a participating student's tuition and mandatory fees after all other gift aid for which a student is eligible is applied first to tuition and mandatory fees.
- (27) Tennessee Promise Scholarship Program ("Program"): A scholarship program which provides last-dollar financial aid, mentoring, and community service opportunities for Tennessee students upon graduation from high school or home school, or attainment of a GED or HiSET.
- (28) TSAC: Tennessee Student Assistance Corporation.
- (29) Title IV: The term is defined in T.C.A. § 49-4-902.
- (30) Tuition and Mandatory Fees: Tuition and mandatory fees required for the enrollment or attendance of a student at an eligible postsecondary institution that are charged to all students, and shall not include fees charged for the Regents Online Degree Program, specific programs of study, books, or supplies even if such fees are considered necessary for enrollment.

(Rule 1640-01-26-.01, continued)

Authority: *T.C.A. §§ 49-4-201, 49-4-204, 49-708, and 49-4-902.*

1640-01-26-.02 SCHOLARSHIP AWARD AMOUNTS AND CLASSIFICATIONS.

- (1) The Tennessee Promise Scholarship program is intended to provide financial assistance to offset tuition and mandatory fees associated with pursuing postsecondary education after all other gift aid has been credited to tuition and mandatory fees.
- (2) Award amounts for the program shall be determined in accordance with T.C.A. § 49-4-708 and shall be set in the General Appropriations Act.
- (3) In the event that funds are insufficient to fully fund the Tennessee Promise Scholarship award program, TSAC may reduce the award amount in accordance with these rules.
- (4) Recipients of a Tennessee Promise Scholarship award as provided by these rules must be enrolled and attending full time in an eligible postsecondary institution
- (5) Except for approved medical or personal leaves of absence, award recipients must be continuously enrolled and maintain the required grade point average or satisfactory academic progress at an eligible postsecondary institution.
- (6) All gift aid from sources other than the Tennessee Promise Scholarship shall be credited first to tuition and mandatory fees to reduce the student's Tennessee Promise Scholarship award. If all other gift aid exceeds tuition and mandatory fees then the student shall not be eligible for the Tennessee Promise Scholarship award, but shall remain eligible for all other services available through the Tennessee Promise Scholarship program, provided the student maintains all academic and non-academic requirements.
- (7) The receipt of a Tennessee Promise Scholarship is contingent upon admission to and enrollment in an eligible postsecondary institution. Qualifying for the Tennessee Promise Scholarship does not guarantee admission to an eligible postsecondary institution.

Authority: *T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.*

1640-01-26-.03 APPLICATION PROCESS.

- (1) Students participating in the Tennessee Promise Scholarship program shall file a FAFSA, or renewal FAFSA, in each year of program participation. The FAFSA must be submitted by mail or electronically as directed in the FAFSA instructions.
- (2) Students enrolled in a community college, public four-year postsecondary institution, or private institution shall file the FAFSA or renewal FAFSA according to the following deadlines:
 - (a) No later than February 15 for fall enrollment, or
 - (b) No later than November 1 for spring and summer enrollment.
- (3) Students enrolled in a Tennessee College of Applied Technology shall file the FAFSA or renewal FAFSA according to the following deadlines:
 - (a) No later than February 15 for summer and fall enrollment, or
 - (b) No later than November 1 for spring enrollment.

(Rule 1640-01-26-.03, continued)

- (4) Students are required to complete the Tennessee Promise Scholarship award application for the initial year of enrollment no later than November 1 of their senior year of high school. For each successive year of participation students shall submit a renewal application no later than July 1 prior to the successive academic year giving notice to TSAC of their intent to participate in the Tennessee Promise Scholarship program.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.04 ELIGIBILITY – TENNESSEE PROMISE SCHOLARSHIP PROGRAM.

- (1) To be eligible to receive a Tennessee Promise Scholarship a student shall:
 - (a) Be a Tennessee resident, as defined by Tenn. Comp. R. & Regs. 0240-.02-.02, Classifying Students In-State and Out-of-State, as promulgated by the Board of Regents;
 - (b) Graduate from an eligible Tennessee high school, complete a Tennessee home school program, or obtain a GED or HiSET diploma prior to reaching nineteen (19) years of age;
 - (c) Attend full time in an eligible postsecondary institution in the fall term immediately following graduation from an eligible high school or home school, or attainment of the GED or HiSET diploma; except that a student enrolling in a certificate or diploma program at a Tennessee College of Applied Technology may enroll in the summer prior to the fall term;
 - (d) Maintain continuous enrollment as a full-time student at an eligible postsecondary institution unless granted a medical or personal leave of absence;
 - (e) Maintain a minimum cumulative grade point average of 2.0, as determined by the eligible postsecondary institution, at the end of each academic year if enrolled in an associate degree program, or maintain satisfactory academic progress as determined by the Tennessee College of Applied Technology if enrolled in a certificate or diploma program;
 - (f) Comply with United States Selective Service System requirements for registration, if such requirements are applicable to the student;
 - (g) Be in compliance with federal drug-free rules and laws for receiving financial assistance;
 - (h) Not be in default on a federal Title IV educational loan or Tennessee educational loan;
 - (i) Not owe a refund on a federal Title IV student financial aid program or a Tennessee student financial aid program;
 - (j) Not be incarcerated;
 - (k) Prior to initial fall enrollment in a postsecondary institution, attend one mandatory meeting related to financial aid and FAFSA completion, and the college application process; and a second mandatory meeting related to college orientation. Participants may, but are not required to, attend additional meetings as offered by a Partnering Organization; and

(Rule 1640-01-26-.04, continued)

- (l) Complete a minimum of eight (8) hours of community service each semester while participating in the Tennessee Promise Scholarship program.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.05 ELIGIBILITY - EARLY HIGH SCHOOL GRADUATION.

- (1) A student who graduates early from an eligible high school, or completes an eligible home school program or obtains a GED or HiSET diploma prior to the spring semester preceding the initial fall enrollment may immediately enroll in an eligible postsecondary institution. Such student shall not be eligible for the Tennessee Promise Scholarship until the subsequent fall semester, but shall otherwise meet all initial eligibility requirements, and upon receipt of a Tennessee Promise Scholarship meet all continuing eligibility requirements as outlined in these rules.
- (2) Notwithstanding the provisions of this section, a student may be eligible for a Tennessee Promise Scholarship at a TCAT prior to the subsequent fall term if eligible for an exception as provided in these rules.
- (3) During all academic terms in which a student is enrolled in a postsecondary institution prior to the fall term following graduation from an eligible high school, the student shall:
 - (a) Enroll in an eligible postsecondary institution;
 - (b) Attend all mandatory meetings provided by the Partnering Organization;
 - (c) Not be required to participate in community service; and
 - (d) Have no minimum requirement for credit hours or academic performance.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.06 PERSONAL OR MEDICAL LEAVE OF ABSENCE.

- (1) A student may be granted a medical or personal leave of absence from timely enrollment in the initial semester or full-time attendance at an eligible postsecondary institution as long as all other applicable eligibility criteria are met. Allowable medical or personal reasons may include illness of the student; illness or death of an immediate family member; extreme financial hardship of the student or student's immediate family; fulfillment of a religious commitment expected of members of that faith; fulfillment of required military service; the program of study at a Tennessee College of Applied Technology only begins in the spring or summer academic term or openings are unavailable for the fall academic term; or other extraordinary circumstances beyond the student's control where attendance by the student creates a substantial hardship. In the event an institution denies a student's request for a medical or personal leave of absence, the student may appeal the decision in accordance with these rules.
- (2) A student granted a medical or personal leave of absence who resumes full-time attendance at an eligible postsecondary institution shall retain the Tennessee Promise Scholarship until a terminating event as described in T.C.A. § 49-4-708 occurs. However, a leave of absence of six (6) months or less shall not count against the two and one-half years from the date of the student's initial enrollment at an eligible postsecondary institution.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.07 COMMUNITY SERVICE PROGRAM REQUIREMENTS.

- (1) A student participating in the Tennessee Promise Scholarship program shall perform a minimum of eight (8) hours of community service for each semester the scholarship is received. Service shall be performed prior to the beginning of each academic semester, including the initial fall semester, in which the Promise Scholarship is received.
- (2) The community service shall be approved in advance by the Partnering Organization. Upon completion of the community service, each student shall provide documentation to the Partnering Organization of the community service performed.
- (3) Community Service shall not include:
 - (a) Community service performed prior to high school graduation;
 - (b) Work resulting in payment or remuneration of any kind;
 - (c) Work that results in academic credit by the postsecondary institution; or
 - (d) Work that directly benefits family members.
- (4) Community service may be performed with or under the direction of a faith-based organization, but shall not include religious persuasion or proselytizing.
- (5) Community service in excess of eight (8) hours performed in any semester shall not be carried over into subsequent semesters. Unless the student is on an approved leave of absence, failure to complete the eight (8) hours of community service prior to an academic semester will result in the immediate termination of eligibility for the Tennessee Promise Scholarship.
- (6) A student who knowingly provides false verification of community service shall be ineligible to receive additional benefits under the Tennessee Promise Scholarship program.

Authority: *T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.*

1640-01-26-.08 SELECTION OF PARTNERING ORGANIZATIONS.

- (1) To participate in the Tennessee Promise Scholarship program, a Partnering Organization shall be recommended by the mayor of each county in which the Partnering Organization participates and approved by the Board of Directors.
- (2) An approved Partnering Organization may continue to serve in such capacity unless it is no longer recommended by a county mayor or approved by the Board of Directors. Final approval to serve as a Partnering Organization shall be given at the discretion of the Board of Directors and based on the Partnering Organization's satisfactory performance and compliance with these rules.
- (3) A negative recommendation by one county mayor shall not automatically disqualify the Partnering Organization from participating in other counties, but will be considered in the Board of Directors' evaluation of the Partnering Organization's continued participation in the Program.

1640-01-26-.09 PARTICIPATING ORGANIZATION REQUIREMENTS.

(Rule 1640-01-26-.09, continued)

- (1) Partnering Organizations that participate in the Tennessee Promise Scholarship program shall meet the following requirements:
 - (a) Each Partnering Organization shall be established as a not-for-profit organization, except that a postsecondary institution that receives funding under the Tennessee Promise Scholarship program shall not be permitted to participate as a partnering organization.
 - (b) Operate as a college access and success program serving exclusively Tennessee residents at an eligible postsecondary institution.
 - (c) Demonstrate annually to TSAC that funding exists within the Partnering Organization's budget to provide all services under the Tennessee Promise Scholarship program for a minimum of one (1) year. No funds under this program shall be provided for the direct or indirect benefit of a Partnering Organization.
 - (d) Adhere to rules promulgated by TSAC for the administration of this program;
 - (e) Provide a mentoring program with a ratio of one (1) volunteer mentor to no more than ten (10) eligible student applications. This ratio shall apply to eligible Tennessee Promise student applications and may be reduced in proportion to the number of students who drop from participation in the program.

The minimum ratio shall not apply to Partnering Organizations that employ full- or part-time paid mentors or counselors that work directly with students;

- (f) Select volunteer mentors prior to December 1 for the following academic year and provide a minimum of one (1) training meeting for all paid and volunteer mentors prior to January 31. Mentors shall be required to attend one training meeting. This meeting shall cover at least the following topics:
 1. Program overview,
 2. Appropriate mentor-student relationships,
 3. Financial aid,
 4. FAFSA completion,
 5. College applications and admissions, and
 6. Community service requirements.
- (g) Provide a minimum of one (1) meeting for all Tennessee Promise Scholarship program participants prior to March 1 preceding the initial enrollment in an eligible postsecondary institution. This meeting shall provide training, at a minimum, on the following topics:
 1. An overview of the Tennessee Promise Scholarship program,
 2. Appropriate relationships with mentors,
 3. Financial aid opportunities,
 4. FAFSA completion, and

(Rule 1640-01-26-.09, continued)

5. The college application process.
 - (h) Provide a minimum of one (1) meeting for all Tennessee Promise Scholarship program participants prior to May 31 preceding the initial enrollment in an eligible postsecondary institution. This meeting shall provide training, at a minimum, on topics related to college orientation and making the transition from high school to college.
 - (i) Where a student cannot attend either mandatory meeting due to extenuating circumstances, Partnering Organizations shall provide opportunities for the student to receive the training prior to the March 1 and May 31 deadline, or as soon thereafter as practicable.
 - (j) Provide a minimum of one (1) mentor contact monthly with each assigned Tennessee Promise Scholarship program participant beginning February 1 of the senior year of high school. Contact shall be maintained throughout the student's participation in the Program.
 - (k) To participate in the Tennessee Promise Scholarship program, a Partnering Organization shall organize a local advisory council to serve as an advocate for the program. The advisory council shall be comprised of a minimum of five (5) members, with at least one member representative from each the local education agency, the county mayor's office, and a local postsecondary institution. Organizations which have been in existence for a minimum of three (3) years may use existing boards or boards of trustees as the local advisory council if the board or board of trustees is substantially similar to the requirements of this subsection.
 - (l) Obtain a certified background check on all mentors prior to service as a mentor. A mentor shall not be eligible to participate in the Tennessee Promise Scholarship program if convicted of any felony or offense listed at T.C.A. §§ 40-35-501(i)(2), 39-17-417, 39-13-532, and 39-13-527. For purposes of this section, "conviction" includes entry of a plea of guilty or nolo contendere or entry of an order granting pre-trial or judicial diversion.
 - (m) Submit to audits on a periodic basis as determined by TSAC.
 - (n) Enter into a memorandum of understanding with TSAC regarding program requirements and Partnering Organization obligations and provide requested information to TSAC as required in the memorandum of understanding.
 - (o) Provide electronic notification to TSAC when Tennessee Promise participants have completed their mentoring, mandatory meetings, and community service requirements.
 - (p) Provide performance metrics as outlined in the memorandum of understanding entered into with TSAC.
 - (q) Obtain an insurance policy that, at a minimum, limits liability of the Partnering Organization against physical and sexual abuse or misconduct directed toward participants of the Program by its officers, directors, employees, and volunteers.

Authority: T.C.A. §§ 39-13-527, 39-13-532, 39-17-417, 40-35-501, 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.10 PARTNERING ORGANIZATIONS – SERVICE IN COUNTIES.

- (1) A Partnering Organization that agrees to provide Tennessee Promise Scholarship program services in a county shall make the program available to all eligible high school, home school, and GED/HiSET students in that county. The Partnering Organization shall continue to work with students from that county through a terminating event in T.C.A. § 49-4-708, regardless of which eligible postsecondary institution the student attends.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.11 TERMINATING EVENTS

- (1) A student shall receive the Tennessee Promise Scholarship until reaching a terminating event as outlined in T.C.A § 49-4-708.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.12 TENNESSEE PROMISE SCHOLARSHIP REFORMS.

- (1) In the event funds are insufficient to fully fund the cost of Tennessee Promise scholarships, TSAC is authorized to take one or more of the following actions:
 - (a) Establish a maximum award amount,
 - (b) Establish additional eligibility criteria for new applicants entering the program,
 - (c) Administer the program on a first-come, first-served basis.
- (2) Any action taken by TSAC as described in subsection (1) shall require approval by TSAC's board of directors and notification shall be provided to the chairs of the Senate and House Education Committees of the Tennessee General Assembly.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.13 CERTIFICATION OF ELIGIBILITY.

- (1) TSAC will create a master certification roster of students for each institution. The master list will contain students who have met all requirements for the Tennessee Promise Scholarship.
- (2) The eligible postsecondary institution will be responsible for verifying each student's eligibility for a financial award from the Tennessee Promise Scholarship. The award amount reported to TSAC shall be the amount of tuition and mandatory fees remaining after all other gift aid has first been applied to the student's tuition and mandatory fees.
- (3) Once the eligible postsecondary institution has verified the student's eligibility for a financial award, the certification information shall be electronically transmitted to TSAC.
- (4) TSAC shall process a payment request directly to the eligible postsecondary institution on behalf of all Tennessee Promise Scholarship recipients who are eligible for a financial award. No funds shall be disbursed directly to the Partnering Organizations or to the students.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.14 EVALUATION OF THE TENNESSEE PROMISE SCHOLARSHIP.

- (1) TSAC, along with the Tennessee Higher Education Commission, shall review the Tennessee Promise Scholarship program annually. The review shall include at a minimum the number of recipients, total cost of the program, student persistence, and scholarship retention. These findings shall be reported to the education committee members of the Senate and House of Representatives of the Tennessee General Assembly.
- (2) TSAC shall convene a meeting of its Special Advisory Committee at least annually to review the effectiveness and best practices of the Tennessee Promise Scholarship program.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.15 AWARD MADE IN ERROR.

- (1) Repayment from the student shall not be required if TSAC determines that the error was through no fault of the student.
- (2) Repayment from the student shall be required if TSAC determines that fraud was committed or the error was due to the fault of the student. When repayment is required, the student may not receive additional student aid from TSAC until repayment is made.
- (3) Repayment from the postsecondary institution will be required if TSAC determines that the error was due to the fault of the postsecondary institution.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.16 REFUND POLICY.

- (1) If a recipient of a Tennessee Promise Scholarship award fails to complete a semester for any reason, the eligible postsecondary institution shall apply its refund policy to determine whether a refund may be required and funds returned to TSAC. The eligible postsecondary institution shall provide the student with a notice indicating the amount to be returned to the student or the amount to be refunded to TSAC. Additionally, the eligible postsecondary institution shall notify TSAC of the refund, which shall be noted on the student's record. The eligible postsecondary institution shall also be responsible for obtaining repayment from the student. The student shall be ineligible for student aid from TSAC until the refund is paid.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.17 TRANSFER STUDENTS.

- (1) A student who meets all academic and non-academic requirements of the Tennessee Promise Scholarship may transfer from one eligible postsecondary institution to another eligible postsecondary institution and maintain the scholarship, provided the student is able to complete the diploma or associate degree in the amount of time remaining before reaching a terminating event as outlined in T.C.A. § 49-4-708.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.18 APPEAL AND EXCEPTION PROCESS.

- (1) Each eligible postsecondary institution shall use their existing Institutional Review Panel (IRP) for purposes of reviewing and rendering decisions regarding appeals for the Tennessee Promise Scholarship program. The IRP shall use the same procedures and timelines as

(Rule 1640-01-26-.18, continued)

- those that currently exist for the review of Tennessee Education Lottery Scholarship (TELS) appeals as outlined in Tenn. Comp. R. & Reg. 1640-01-19.
- (2) TSAC shall use their existing TELS Appeals Panel to consider appeals and render decisions for those students who appeal a decision made by the IRP. The same guidelines shall exist for appeals of the Tennessee Promise Scholarship program as those that are currently in place for TELS as outlined in Tenn. Comp. R & Reg.1640-01-19.

Authority: T.C.A. §§ 49-4-201, 49-4-204, 49-4-708, and 924.

Tennessee Student Assistance Corporation

Tuesday June 24, 2014

DISCUSSION ITEM A: Federal Family Education Loan Program
(FFELP) Update

Staff Recommendation: For discussion only

Federal Audit

The final report for the U.S. Department of Education onsite audit of Claims and Collections in August 2012, was received on June 5, 2014. The audit covered the period of July 1, 2012 through June 30, 2013. There were no findings.

Staff & Training

The Loan Division continues its efforts in training and cross-training of the entire staff. A team approach has been established and is proving to work more efficiently and better serve Tennessee schools and borrowers.

License Revocation

As of the end of May 2014, TSAC has recovered over \$28 million dollars from defaulted borrowers through the License Revocation Program. Since the last Board report, the Loan Division has added borrowers who hold professional licenses with Tennessee Board of Professional Responsibility.

Default Prevention & Management

The Default Aversion representatives continue to assist schools across Tennessee preventing borrowers from going into default, presenting webinars and onsite training for borrowers and schools, and developing default management processes based on a specific school needs.

TSAC's two-year cohort default rate continues to decrease with the most recent rate at 5.7 percent in 2011. The Loan Division's continued efforts to assist borrowers and schools in preventing defaults appear to be having positive results. The first round of three-year default rates have recently been published by the U.S. Department of Education, and rates for many schools and guaranty agencies have increased significantly, which was expected. The most recent available year is 2009, which indicates TSAC's rate at 12.3 percent compared to the national average of 13.4 percent.

Collections & Rehabilitation

The Loan Portfolio remains strong with over \$3.5 billion in outstanding loans on the TSAC system as of May 31, 2014. Of this amount, \$650 million is in a default status. The Loan Division rankings at the national level continue to be healthy.

Tennessee Student Assistance Corporation

Tuesday June 24, 2014

DISCUSSION ITEM B: Grant and Scholarship Programs Status Report

Staff Recommendation: For discussion only.

Background

For the 2014-2015 academic year, Tennessee Student Assistance Awards have been offered to students with zero EFCs who completed the FAFSA by March 2. All funds have been awarded and staff will continue to monitor funding to see if additional awards can be made to eligible applicants.

For the current 2013-2014 academic year, TSAC anticipates disbursing approximately \$61 million in TSAA funding to an estimated 33,000 students. These are similar numbers to the 2012-2013 academic year.

For the 2013-2014 academic year, Tennessee Education Lottery Scholarship expenditures are estimated to be about \$310 million.

Current 2013-2014 data for the Merit and Loan Forgiveness Programs indicate TSAC will make awards to about 700 students totaling around \$2.4 million.

Tennessee Student Assistance Corporation

Tuesday June 24, 2014

DISCUSSION ITEM C: 2014 General Assembly Legislative Report

Staff Recommendation: For discussion only.

Background: During the second session of the 108th General Assembly approximately 15 bills were filed related to TSAC and student financial aid issues.

A brief summary of the bills related to TSAC signed into law is provided on the following page.

Supporting Document: *Summary of Legislation Passed by the 108th General Assembly (2014) Relative to the Tennessee Student Assistance Corporation, March 2014.*

**Summary of Legislation Passed by the 108th General Assembly (2014)
Relative to the Tennessee Student Assistance Corporation**

- | | |
|---|--|
| SB 1580
HB 1592
PC 727 | Extends the Tennessee Student Assistance Corporation, Board of Directors to June 30, 2018. |
| SB 1773
HB 1668
PC 592 | Removes antiquated language from the definition of home school student for purposes of lottery scholarships and grants. |
| SB 1778
HB 1500
PC 954 | Allows a Tennessee student graduating from an out-of-state boarding school that is accredited by a member of the NAISCA to be eligible for Tennessee HOPE lottery scholarship. |
| SB 1905
HB 1876
PC 965 | Allows students who were enrolled in an eligible postsecondary program for the intellectually disabled during the 2012-2013 academic year to be eligible for the STEP-UP scholarship in the 2013-2014 academic year. |
| SB 2471
HB 2491
PC 900 | Enacts the "Tennessee Promise Scholarship Act of 2014"; revises certain provisions of the Tennessee HOPE scholarship program.. |

Tennessee Student Assistance Corporation

Tuesday June 24, 2014

DISCUSSION ITEM D: Proposed Budget Request for 2014-2015

Staff Recommendation For discussion only.

Background

The Governor's recommended 2014-15 budget included a reduction of approximately 2.3 percent (\$31,600) to base appropriations in TSAC's administrative code.

TSAC's recommended \$5 million increase to the TSAA program was not approved.

Supporting Documents

*Tennessee Student Assistance Corporation,
Recommended and Approved 2014-15 Budget*

**Tennessee Student Assistance Corporation
Estimated 2013-14 and Base 2014-15 Budgets**

		Recommended 2014-2015	Approved 2014-2015
TN Student Assistance Awards 332.03	Salaries & Benefits	\$ -	\$ -
	Operational Expenditures	64,562,000	64,562,000
	Total	<u>64,562,000</u>	<u>64,562,000</u>
	State	57,762,000	57,762,000
	Lottery	6,800,000	6,800,000
<hr/>			
FFELP 332.04	Salaries & Benefits	\$ -	\$ -
	Operational Expenditures	190,001,900	190,001,900
	Total	<u>190,001,900</u>	<u>190,001,900</u>
	Federal	181,101,900	181,101,900
	Current Services	8,900,000	8,900,000
<hr/>			
Administration 332.05	Salaries & Benefits	\$ 3,983,800	\$ 3,983,800
	* Operational Expenditures	21,724,600	21,693,000
	Total	<u>25,708,400</u>	<u>25,676,800</u>
	* State	1,353,500	1,321,900
	Federal	9,660,300	9,660,300
	Current Services	12,098,500	12,098,500
	Lottery	2,596,100	2,596,100
<hr/>			
Academic Scholars 332.06	Salaries & Benefits	\$ -	\$ -
	Operational Expenditures	790,500	790,500
	Total	<u>790,500</u>	<u>790,500</u>
	State	411,800	411,800
	Current Services	378,700	378,700
<hr/>			
Loan/Scholarships 332.07	Salaries & Benefits	\$ -	\$ -
	Operational Expenditures	3,594,900	3,594,900
	Total	<u>3,594,900</u>	<u>3,594,900</u>
	State	1,220,800	1,220,800
	Federal	178,200	178,200
	Non-Governmental	700,000	700,000
	Current Services	141,000	141,000
	Lottery	1,354,900	1,354,900
<hr/>			
Lottery for Education Account 332.19	Salaries & Benefits	\$ -	\$ -
	Operational Expenditures	331,600,000	331,600,000
	Total	<u>331,600,000</u>	<u>331,600,000</u>
	Lottery	331,600,000	331,600,000
<hr/>			
Endowment Scholarships 332.45	Salaries & Benefits	\$ -	\$ -
	Operational Expenditures	1,250,000	1,250,000
	Total	<u>1,250,000</u>	<u>1,250,000</u>
	State	1,250,000	1,250,000
<hr/>			
TOTAL TSAC	Salaries & Benefits	\$ 3,983,800	\$ 3,983,800
	Operational Expenditures	613,523,900	613,492,300
	Total	<u>617,507,700</u>	<u>617,476,100</u>
	State	\$ 61,998,100	\$ 61,966,500
	Federal	190,940,400	190,940,400
	Non-Governmental	700,000	700,000
	Current Services	21,518,200	21,518,200
	Lottery	342,351,000	342,351,000

Tennessee Student Assistance Corporation
Tuesday June 24, 2014

DISCUSSION ITEM E: **Audit Update**

Staff Recommendation: For discussion only.

Background: An update will be provided on audit issues
and related matters.

Supporting Document *Audit Update;*
June 2014

Audit Update

Sunset Performance Audit

The performance audit report of TSAC was released by the Comptroller's Office on February 10, 2014. The TSAC board was notified of the release and provided a link to the report. Also released were reports on THEC, UT and TBR.

The TSAC report contains five findings and recommendations to which management responded:

1. The state-funded scholarship loan forgiveness program participants were charged more interest than intended by state law.
 - Status: TSAC agreed in part with this finding. Refunds totaling \$11,373.41 were made to students in the Graduate Nursing Loan Forgiveness Program who had paid in full through monetary repayment. Changes are being made in the eGRandS system to adjust the balances of the students currently in the program. System changes are also being programmed for the Tennessee Teaching Scholars and Minority Teaching Fellows programs and refunds will be made to students who are paid in full through monetary repayment.
2. Tennessee Education Lottery Scholarships may not be fairly distributed because TSAC does not verify GPAs used in determining eligibility, and GPAs based on the State Board of Education's Uniform Grading Policy are inconsistently reported.
 - Status: TSAC agreed in part with this finding. TSAC will examine a sample of student GPAs. Also, the State Board of Education has revised the Uniform Grading Policy (UGP) and is in the process of getting the policy approved. Schools will use the new UGP for the upcoming 2014-15 academic year.
3. TSAC's rules regarding repayment or partial repayment of a scholarship or grant awarded to students who withdraw from courses or from postsecondary institutions may result in students receiving refunds of state dollars.
 - Status: TSAC did not concur with this finding. TSAC believes the existing policy is fully compliant with both the existing statute and the legislative intent to make such

policies comparable to existing rules for repayment of other financial aid available to postsecondary students.

4. TSAC's poor recordkeeping of Tennessee Education Lottery Scholarship appeals resulted in missing records and some appeals not being considered, denied, or otherwise closed.
 - o Status: TSAC agreed in part with this finding. The appeals log maintained in Excel has been improved and is being monitored.
5. TSAC handles students inconsistently during the Tennessee Education Lottery Scholarship appeal process.
 - o Status: TSAC agreed in part with this finding. TSAC is presenting clarifying language in the rules to the Board.

State Audit Financial and Compliance Audit of TSAC for the fiscal year ended June 30, 2013

The audit has not been finalized. Because of the issue found in the performance audit related to loan forgiveness interest, the financial statements required adjustment to the notes receivables. This report will contain a finding related to this issue.

U.S. Department of Education Program Review

TSAC submitted a final response in March 2014 to the review conducted in September of 2012. The USDOE reported that the responses have resolved the issues in the report and the program review is considered closed. No further action is required.

THEC/TSAC Audit Committee

The committee participated in a conference call in January to discuss the draft sunset report. A regular meeting was held January 30, 2014.

Tennessee Student Assistance Corporation

DISCUSSION ITEM F: Communication Services Update

Staff Recommendation: For discussion only.

Background: An update will be provided discussing improvements taking place within the Communication Services Division.

Supporting Document: Communication Services Update: April 2014



TSAC Outreach Presentations and Workshops Offered

Outreach presentations are tailored to the needs of the organization where presentations are requested. We offer to assist with the following types of events as well:

- | | |
|----------------------------|---|
| * College Fairs | * College Goal Sunday/Tennessee Events |
| * Financial Aid Nights | * Career Fairs |
| * Personal Finance Classes | * Scholarship Award Presentations |
| * YMCA College Nights | * Leadership Summit |
| * ACT & SAT Workshops | * Preparing For College |
| * FAFSA Nights | * Middle School Presentation - TN Diploma Project |
| * Focusing on Seniors | * Junior/Underclassmen Presentations |

2013-14 Snapshot of Outreach Statistics

	2013-14	2012-13	2011-12	2010-11
College Fairs				
# of college fairs:	202	210	200	176
Attendance:	25,664	19,803	31,676	24,657
Courtesy Visits to Administrators				
# of courtesy visits:	1,208	1,321	1,084	1,230
Administrators reached:	1,524	1,850	1,700	1,718
Financial Aid Presentations				
# of presentations:	707	670	350	344
Attendance:	30,152	31,104	25,602	25,002
FAFSA Nights				
# of presentations:	216	208	105	70
Attendance:	4,750	4,380	2,272	1,978
Number of Visits				
High Schools:	1,474	1,546	1,041	928
Middle Schools:	249	232	81	127
Postsecondary:	299	246	274	288
Other:	311	385	343	477

Breakdown of Outreach Activity

	2013-14	2012-13	2011-12	2010-11	2009-10
Adult Learners	44	n/a	n/a	n/a	n/a
Boys and Girls Clubs	46	42	10	7	6
Chambers of Commerce	10	14	40	41	23
Churches	16	10	19	6	11
Colleges	299	246	274	288	366
High Schools	1,474	1,546	1,041	928	882
Libraries	87	50	125	120	30
Middle Schools	249	232	81	127	177
School District Offices	18	5	23	103	34
Legislative	12	12	6	72	4
YMCA	13	31	7	17	26
Other	65	221	113	111	86

TSAC Call Center Stats

	<u>2014*</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Telephone calls received:	35,348	36,941	31,391	44,800
Live Chat conversations:	2,569	3,653	2,624	3,269
Info Aid Emails:	1,859	2,046	1,309	n/a

We receive calls, emails and questions through Live Chat about the HOPE scholarship programs, application deadlines, FAFSA completion, transfer school forms, student loan questions, e*GRandS log-in resets, TSAA awards, College Goal Tennessee, and brochure orders – just to name a few.

Personal Finance Outreach Update

In 2008, the TN Diploma Project changed the requirements for high school graduation from Tennessee public schools. Among other changes, it added a class called “Personal Finance” as a one semester course that all students must take. We made 105 TSAC financial aid presentations so far this academic year.

FAFSA Completion Update

Two years ago, Tennessee was first in the nation in FAFSA completion. We had 62% of the seniors in high school complete the Free Application for Federal Student Aid. We are working to improve that percentage each year. Until this year, we were unable to track this data. We now have the capability to follow each school. As of April 30th, based upon data from schools who have reported their numbers, Tennessee has a 59% FAFSA completion. The deadline to complete the FAFSA is September 1st.

HOPE Foster Child Grant Update

In our continuing efforts to communicate with TN students about financial assistance for college, we are spending time, when schools are closed for spring break, making courtesy visits to agencies that may need information on the HOPE Foster Child Grant. So far this spring, we have visited:

DCS (Department of Children’s Services) in: Stewart Co., Montgomery Co., Cheatham Co., Wilson Co., Davidson Co. (2), Williamson Co., Giles Co., Hickman Co., Maury Co., Lewis Co., Dickson Co., Tipton Co., Haywood Co., Hardeman Co., Fayette Co., Rutherford Co., Bedford Co., Lake Co., Obion Co., Weakly Co., Tullahoma, Gibson Co., and Madison Co., and

Youth Villages in Jackson, Knoxville, Dyersburg, Memphis: Poplar, Memphis: Dogwood, Memphis: Cordova, and Memphis: Thomason Fred.

TSAC Online

1. TSAC website: www.TN.gov/collegepays
2. Twitter: [@TNFinancialAid](https://twitter.com/TNFinancialAid)
3. Facebook: <http://www.facebook.com/TnSAC>
4. College Goal Tennessee: <http://www.tn.gov/collegegoalsunday/>