



Tennessee Student Assistance Corporation

March 15, 2012
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
March 15, 2012, 1:00 P.M.

Adoption of Agenda

Approval of Minutes: September 29, 2011

Chairman's Report

Executive Director's Report

TASFAA President's Report

I. Decision Items

- A. Selection of 2012-13 Officers and Committee Members
- B. Adoption of 2012-13 TSAA Over-commitment Ratio
- C. Tennessee Teaching Scholars Program Increased Award
- D. Adoption of Rules – Tennessee Teaching Scholars Program
- E. Adoption of Rules – Minority Teaching Fellows Program
- F. Adoption of Rules – Graduate Nursing Loan Forgiveness Program
- G. Adoption of Rules – Tennessee Student Assistance Program

II. Discussion Items

- A. Federal Family Education Loan Program Update
- B. Grants and Scholarship Programs Status Report
- C. 2012 General Assembly Legislative Report
- D. 2012-13 Budget Update
- E. Internal Audit Update
- F. Communications Services Update
- G. Conflict of Interest Policy Statement

III. New Business

IV. Old Business

**Tennessee Student Assistance Corporation
Board of Directors Meeting Minutes
September 29, 2011
1:00 p.m. CST**

The Board of Directors of the Tennessee Student Assistance Corporation met on Thursday, September 29, 2011. The meeting was called to order by Mr. Mark Cate at 1:00 p.m.

ROLL CALL

The following board members/alternate representatives were present:

Gary Adcox
Dan Boone
Morgan Branch, representing Commissioner Kevin Huffman
Keith Carver, representing Joe DiPietro, via conference call
Mark Cate, representing Governor Haslam
Janice Cunningham, representing David Lillard
David Gregory, representing Chancellor John Morgan
Lester McKenzie
Alex Peek
Cathy Pierce, representing Commissioner Mark Emkes
Will Pinkston
Claude Pressnell
Richard Rhoda
William Stuard
Faye Weaver, representing Comptroller Justin Wilson
Jeff Wilson, via conference call

OPENING REMARKS

Mr. Mark Cate welcomed all to the meeting and called on Dr. Richard Rhoda for opening remarks. Dr. Rhoda introduced Mr. Alex Peek, new student member of the board to his first meeting. He then stated that since there was a member participating by phone, all action items require a roll call vote.

ADOPTION OF AGENDA

Mr. Cate called for a motion to adopt the agenda as presented. Dr. David Gregory made a motion to approve. Ms. Faye Weaver seconded the motion; the motion was adopted by the following roll call vote:

Gary Adcox - Aye
Dan Boone - Aye
Morgan Branch - Aye
Keith Carver - Aye
Mark Cate - Aye
Janice Cunningham - Aye
David Gregory - Aye
Lester McKenzie - Aye

Cathy Pierce - Aye
Will Pinkston - Aye
Claude Pressnell - Aye
Richard Rhoda - Aye
William Stuard - Aye
Faye Weaver - Aye
Jeff Wilson - Aye

**APPROVAL OF MINUTES FOR THE MARCH 18, AND JULY 26, 2011
MEETINGS**

Mr. Cate called for a motion to approve the minutes from the March 18, 2011, and the July 26, 2011, meetings. Mr. Gary Adcox made a motion to approve. Dr. Dan Boone seconded the motion; the motion was duly adopted by the following roll call vote:

Gary Adcox - Aye
Dan Boone - Aye
Morgan Branch - Aye
Keith Carver - Aye
Mark Cate - Aye
Janice Cunningham - Aye
David Gregory - Aye
Lester McKenzie - Aye
Cathy Pierce - Aye
Will Pinkston - Aye
Claude Pressnell - Aye
Richard Rhoda - Aye
William Stuard - Aye
Faye Weaver - Aye
Jeff Wilson - Aye

TASFEE PRESIDENT'S REPORT

Mr. Cate recognized Mr. Lester McKenzie to provide his report. Mr. McKenzie commented on the spring conference at the Cool Springs Marriot and noted it was well attended, with 338 in attendance. He then stated that the 2011 spring conference would be held at the Cool Springs Marriot again from April 22-25 and will have two federal trainers along with the president of NASFAA, Justin Drager. He also commented on fall training being held late October or early November in Knoxville, Cookeville or Nashville, and Jackson and the topic would be NASFAA training topic of satisfactory academic progress. Mr. McKenzie then discussed the legislative conference in Washington, DC where 3 members representing UT, TBR, and the community colleges will attend to meeting with congressional aides to discuss the legislative impact on schools and aid administrators. In closing, he briefly discussed the November TASFEE board meeting where the main item will be covering the new verification rules and implementation.

DECISION ITEMS

Adoption of Rules – Helping Heroes Scholarship

Mr. Tim Phelps was recognized to provide information on the changes to the rules for the Helping Heroes Scholarship. He stated that the rules include adding a definition for active military service, replacing the term “Corporation” with “TSAC”, removing the limitation on the number of recipients consistent with existing statute, and adding an application deadline for summer enrollment.

He affirmed that these rules will be implemented at the earliest possible time after approval by the TSAC Board of Directors and the Tennessee Attorney General and have been filed with the Secretary of State. He stated that staff recommends that the TSAC Board of Directors adopts Rule 1640-1-22 as Proposed Rules and the 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. Gregory made a motion approve staff recommendations. Mr. Keith Carver seconded the motion; the motion was duly adopted by the following roll call vote:

Gary Adcox - Aye
Dan Boone - Aye
Morgan Branch - Aye
Keith Carver - Aye
Mark Cate - Aye
Janice Cunningham - Aye
David Gregory - Aye
Lester McKenzie - Aye
Cathy Pierce - Aye
Will Pinkston - Aye
Claude Pressnell - Aye
Richard Rhoda - Aye
William Stuard - Aye
Faye Weaver - Aye
Jeff Wilson - Aye

Proposed Budget Requests for 2012-13

Mr. Peter Abernathy was recognized to provide the Proposed Budget Requests for 2012-13. Mr. Abernathy noted that the Tennessee Student Assistance Corporation is required to submit its budget request to the Department of Finance and Administration by September 30, 2011. He reviewed funding levels for all TSAC divisions for the current 2011-12 and base 2012-13 fiscal years.

He also noted that an improvement of \$3.2 million is recommended in the TSAA program for fiscal year 2012-13, stating that this improvement would offset the non-recurring \$3.2 million appropriated in the 2011-12 fiscal year.

Mr. Abernathy stated that the Department of Finance and Administration has requested that state agencies identify a 5% reduction to state appropriations for the 2012-13 fiscal year. TSAC will comply with this request by submitting a reduction plan of \$61,300 from administrative expenses in the Administration Division, 332.05. He also stated that in addition to this reduction, all positions that have been vacant for more than one year are to be eliminated. TSAC has four such positions, one in each of the Loans, Grants, Communications, and Compliance divisions.

He affirmed staff recommendations that the TSAC Board of Directors recommend 2012-2013 funding levels as presented in the document entitled *Tennessee Student Assistance Corporation Estimated 2011-12 and Base 2012-13 Budgets*, the TSAC Board of Directors recommend a \$3.2 million budget improvement for fiscal year 2012-13 for the Tennessee Student Assistance Award program, and that the TSAC Board of Directors authorize its Executive Director to make any necessary technical corrections.

Dr. Boone made a motion approve staff recommendations. Dr. Adcox seconded the motion; the motion was duly adopted by the following roll call vote:

Gary Adcox - Aye
Dan Boone - Aye
Morgan Branch - Aye
Keith Carver - Aye
Mark Cate - Aye
Janice Cunningham - Aye
David Gregory - Aye
Lester McKenzie - Aye
Cathy Pierce - Abstain
Will Pinkston - Aye
Claude Pressnell - Aye
Richard Rhoda - Aye
William Stuard - Aye
Faye Weaver - Aye
Jeff Wilson - Aye

Adoption of Open Records Policy

Mr. Abernathy briefed the board on the advisement of the Tennessee Comptroller's Office of Open Records Counsel to adopt an open records policy. The Open records counsel stated that the policy should include the following: the process for making requests to inspect public records or to receive copies of public records; the process for responding to such requests; and whether and when fees will be charged for copies of public records.

Mr. Abernathy noted that previously, TSAC has followed guidelines published by the Office of Open Records Counsel in handling public requests for information, but has not formally adopted its own policy. He reviewed the proposed policy and stated that staff recommends adoption to establish consistency in handling public records requests. Dr. Rhoda made a motion to

approve. Mr. William Stuard seconded the motion; the motion was duly adopted by the following roll call vote:

Gary Adcox - Aye
Dan Boone - Aye
Morgan Branch - Aye
Keith Carver - Aye
Mark Cate - Aye
Janice Cunningham - Aye
David Gregory - Aye
Lester McKenzie - Aye
Cathy Pierce - Aye
Will Pinkston - Aye
Claude Pressnell - Aye
Richard Rhoda - Aye
William Stuard - Aye
Faye Weaver - Aye
Jeff Wilson - Abstain

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 the designated guarantor for Tennessee, TSAC provided four types of loans through the Federal Family Education Loan Program. She stated that at the beginning of the 2011-12 academic year, TSAC's portfolio included over 633,000 loans with an estimated value over \$3.7 billion, representing 238,533 active borrowers.

Ms. Pennington then noted that the Loan Division continues to monitor existing processes and make improvements that better meet the needs of our student borrowers, their families, and the postsecondary institutions. She also discussed the Policies and Procedures Manual and the Federal Information Security Management Act (FISMA), passed by Congress in 2002 stating that the Loan Division will soon begin reviewing and implementing changes necessary for FISMA compliance. In closing she reviewed the Access databases which are assisting in the monitoring of tax offset appeals, loan discharges, refund check requests (CRQ's), invoices and reinstatement letters, and license revocation. Ms. Pennington also provided an update on the Request for Proposal (RFP) for Default Aversion services and the two Voluntary Flexible Agreements (VFA).

Grants and Scholarship Programs Update

Mr. Phelps provided an update on the Grants and Scholarship Programs. He stated that the Tennessee Student Assistance Awards (TSAA) totaling \$89.5 million were awarded to 42,600 students for the 2011-12 award year, total funding available for the TSAA program for 2011-12 is approximately \$58.5 million and the Board approved a 153% over-commitment which resulted in awards of \$89.5 million. Of this amount TSAC estimates that approximately \$57 million will actually be utilized.

He also reviewed the year-end figures for 2010-11, which indicate 95.4% actual expenditures, representing 31,400 students receiving \$55.5 million. And provided an update on the Tennessee Education Lottery Scholarship (TELS), stating that program concluded the 2010-11 award year by providing awards to over 101,000 students at just under \$298 million.

Update on Lottery Legislation and Lottery Stabilization Committee

Mr. Phelps provided an update on legislative activity relating to TSAC. He briefed the board on House Bill 2010, which was signed by Governor Haslam on June 8, 2011, and allows students who first received the HOPE Scholarship in fall 2009 or thereafter to use the award for the summer term, noting that the bill reinstates the 120 hour cap for these students.

He also discussed Senate Bill 2008 which provided two changes to lottery programs. First, it allows students to take more than four Dual Enrollment Grant (DEG) courses. Funds received for more than four courses will be deducted from the HOPE scholarship on a dollar for dollar basis in the first semester of postsecondary enrollment.

He noted that SB 2008 also provides an extension to the lottery scholarship for recipients who can attend only part-time due to medical reasons and students meeting this exception can receive the award for up to 10 years from their date of initial enrollment.

Mr. Phelps then provided an update on the Lottery Stabilization Committee, which met on August 29, 2011, to discuss the long-term viability of the lottery programs. He stated that the committee has been charged with providing a report to the General Assembly by December 1, 2011. Noting specifically that Lottery program expenditures are outpacing revenues and the scholarship program currently faces about a \$21 million annual shortfall. If no action is taken then the Lottery for Education Account reserve is projected to be depleted in 2024.

Communication Services Update

Ms. Diane LeJeune was recognized to provide the communication services update. She discussed the outreach statistics such as college fairs, visits to administrators, financial aid presentations, and visits to schools. Ms. LeJeune also reviewed the presentations and workshops offered to assist students and parents, call-center statistics, publications, and outreach partnerships.

Internal Audit Update

Ms. Ann Collett was recognized to provide an audit update. She briefed the board on the State Audit Financial and Compliance Audit Report for TSAC for the 2010 fiscal year, which was released by the Comptroller of the Treasury on September 13, 2011. Ms. Collett noted that TSAC submitted a report on August 31, 2011, to the Comptroller of the Treasury and to the Fiscal Review Committee on the implementation of the two findings in the FY10 report.

In closing, Ms. Collett stated that a total of \$8,052,319.61 for fiscal years 08-10 has been transferred from the Federal Fund to the Operating Fund. She also

noted that the State Audit Financial and Compliance Audit for TSAC of the fiscal year ended June 30, 2011 and the audit is in progress.

License Revocation Update

Mr. Abernathy discussed the license revocation program, which was identified in Performance audits conducted in 2002 and 2008 by the State Comptroller's office. He noted that TCA §§ 56-1-312 and 63-1-141 direct the TSAC to work with the Department of Commerce and Insurance and the Department of Health, respectively, to suspend the professional licenses or certificates of individuals who have defaulted on their federal student loans.

Mr. Abernathy stated that TSAC continues to send notices to defaulted borrowers encouraging them to contact TSAC to make payment arrangements or face the possibility of license suspension.

Other Business

Update on the Art Institute of Tennessee-Nashville

Mr. Abernathy discussed the lawsuit against Education Management Corporation for illegal practices, noting that the Art Institute of Nashville was included in the lawsuit. In 2007, the Art Institute was eligible to receive the lottery scholarship awards. However, in 2008, the statutory definition of an eligible institution changed to reflect that the primary campus must be located in Tennessee which made the Art Institute ineligible for the lottery scholarship awards. A letter was sent to the institution notifying them of the eligibility change and staff met with representatives of the Art Institute to discuss the change, as well as the Attorney General's office and the Governor's office. A settlement was reached and the original 159 students will continue to receive the lottery scholarship for the current academic year.

In closing, Dr. Rhoda welcomed Alex Peek to the board. He also noted that Fred Johnson's term expired and his successor, Reverend LaSimba Gray was appointed the previous day. Dr. Rhoda also announced that this was Cathy Pierce's last meeting. Ms. Pierce noted that Greg Turner would replace her as the Commissioner's designee.

There being no further business, the meeting adjourned at 2:26 p.m.

Approved:

Dr. Claude O. Pressnell, Jr., Secretary

Tennessee Student Assistance Corporation

Thursday March 15, 2012

DECISION ITEM A: Selection of 2012-13 Officers and Committee Members

Staff Recommendation: The board elects its 2012-13 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, 2012-13 officers and committee members will be selected. A list of current (2011-12) officers and committee members is attached.

Supporting Document: *Tennessee Student Assistance Corporation: 2011-12 Officers and Committees*

Tennessee Student Assistance Corporation
2011-12 Officers and Committees

Officers

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

Executive Committee

Governor Bill Haslam, Chair
Mark Emkes
David Lillard
Claude Pressnell
Richard Rhoda
Justin Wilson

Appeals Committee

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

Audit Committee

Mark Emkes
Claude Pressnell
Sammy Stuard

Tennessee Student Assistance Corporation

Thursday, March 15, 2012

DECISION ITEM B: Adoption of 2012-13 TSAA Over-commitment Ratio

Staff Recommendation (1) That the Tennessee Student Assistance Corporation continues the same over-commitment ratio for the 2012-13 Tennessee Student Assistance Award (TSAA) program as the 2011-12 academic year

(2) That \$2,500,000 from the Tennessee Student Loan Program (TSLP) reserve be made as an additional resource for 2012-13 TSAA awards

Background

In order to fully expend available TSAA resources, it is necessary to offer more aid to students than is available to be spent. This reflects the fact that some students who are offered aid will not accept it.

Complete funding levels have not been determined for the 2012-13 academic year. Once all sources of funding have been approved, TSAC will make additional awards to students with the approved over-commitment ratio.

Supporting Document

Tennessee Student Assistance Award Program History, March 15, 2012.

**Tennessee Student Assistance Award Program
Actual and Projected Expenditures**

	2009-10	2010-11	<i>Projected</i> 2011-12	(without \$3.4M) <i>Projected</i> 2012-13	(with \$3.4M) <i>Projected</i> 2012-13
Total Funding	\$ 58,120,000	\$ 58,211,000	\$ 58,463,000	\$ 58,463,000	\$ 61,863,000
State Appropriations	\$ 49,163,000	\$ 49,163,000	\$ 49,163,000	\$ 49,163,000	\$ 52,563,000 *
Federal (LEAP/SLEAP)	\$ 1,157,000	\$ 1,248,000	\$ -	\$ -	\$ -
Lottery Funds	\$ 6,800,000	\$ 6,800,000	\$ 6,800,000	\$ 6,800,000	\$ 6,800,000
Reserve Transfer	\$ 1,000,000	\$ 1,000,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000
Actual year-end expenditures	53,905,000	55,523,197	55,000,000	55,013,700	58,213,100
Unspent Funds	4,215,000	2,687,803	3,463,000	3,449,300	3,649,900
Total funding spent	92.7%	95.4%	94.1%	94.1%	94.1%
Over-commitment ratio	145.1%	145.2%	153.0%	153.0%	153.0%
Students received aid	25,155	31,377	31,000	31,081	32,889
Average expenditure amount	\$ 2,143	\$ 1,770	\$ 1,774	\$ 1,770	\$ 1,770
TN Student Loan Program Reserve - TSAA	\$ 13,293,690	\$ 13,328,211	\$ 12,790,711	\$ 13,640,011	\$ 13,839,911

* Total funding available to TSAA in projected 2011-12 and 2012-13 does not include \$200,000 for Dependent Children. Second column of 2012-13 includes \$3.4M included in Governor's Budget

Tennessee Student Assistance Corporation

Thursday March 15, 2012

DECISION ITEM C: Tennessee Teaching Scholars Program

Staff Recommendation: Increase the TTSP award amount to \$5,000

Background

The scholarship award amount is currently \$4,500 per academic year. Increasing the award amount to \$5,000 will make the award consistent with the Minority Teaching Fellows Program.

The award amount has not increased since the 2005-2006 academic year and subsequently has not kept up with the rising cost of tuition and fees. For the current academic year, the maximum award covers 64% of undergraduate tuition and fees and 53% of graduate tuition and fees at public four-year institutions.

Supporting Document: *Tennessee Teaching Scholars History*

**Tennessee Student Assistance Corporation
Tennessee Teaching Scholars Program**

Academic Year	Recipients	Amount Awarded	Average Award	Collections	Reserve
2006-2007	189	\$ 747,537	\$ 3,955	\$ 67,826	\$ 61,842
2007-2008	158	\$ 640,143	\$ 4,051	\$ 95,123	\$ 90,852
2008-2009	177	\$ 706,499	\$ 3,992	\$ 60,639	\$ 50,504
2009-2010	147	\$ 571,125	\$ 3,885	\$ 80,713	\$ 126,848
2010-2011	152	\$ 607,874	\$ 3,999	\$ 133,194	\$ 255,798

Tennessee Student Assistance Corporation

Thursday March 15, 2012

DECISION ITEM D: Proposed Rule Changes
Tennessee Teaching Scholars Program

Staff Recommendation: (1) That the Tennessee Assistance Student Corporation adopts Rule 1640-1-17 as proposed rules (Tennessee Teaching Scholars Program).

(2) That 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.

Background: Changes to the rules include defining the term “default” as used by the Loan Administration Division, providing the specific number of days recipients must teach to receive loan forgiveness, and adding a section which will provide TSAC with greater opportunity to collect payments from recipients who do not fulfill the required service obligation.

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

Supporting Document: *Draft Rules of the Tennessee Student Assistance Corporation, Chapter 1640-1-17, Tennessee Teaching Scholars Program, March 15, 2012.*

**RULES OF
TENNESSEE STUDENT ASSISTANCE CORPORATION**

**CHAPTER 1640-01-17
TENNESSEE TEACHING SCHOLARS PROGRAM**

TABLE OF CONTENTS

1640-01-17-.01	Introduction	1640-01-17-.05	Loan Amount and Terms
1640-01-17-.02	General	1640-01-17-.06	Appeals Procedure Collections
1640-01-17-.03	Eligibility	1640-01-17-.07	Repealed
1640-01-17-.04	Method of Selection	1640-01-17-.08	Appeals Procedure

1640-01-17-.01 INTRODUCTION.

- (1) These rules implement the Tennessee Teaching Scholars Program (**TTSP**) authorized by the Tennessee Teaching Scholars Act, T.C.A. § 49-4-212, in Public Chapter 392 of the 1995 Public Acts (hereinafter referred to as the "Act"). The Act ~~provided~~**provides** for a forgivable loan program for exemplary students who desire to enter the teaching force in Tennessee. Participation in the program is limited to college juniors, seniors, and post-baccalaureate candidates admitted to teacher education programs in Tennessee. Persons receiving program awards who become public school teachers in Tennessee shall receive forgiveness of the program award balance based on one (1) year's teaching service for each year an award was ~~made~~**received**.
- (2) The Tennessee Student Assistance Corporation (TSAC) ~~is assigned to~~**shall** administer the program under the regulations and criteria developed jointly with the **Tennessee** State Board of Education (~~SBE~~) and the Tennessee Higher Education Commission (THEC). TSAC shall provide the Tennessee Department of Education (TDOE) with rosters of program participants completing teacher education programs including their areas of teaching endorsements. TDOE shall use these rosters for assisting in job placement and in considering waiver requests from local education agencies.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212. **Administrative History:** Original rule filed February 7, 1996; effective June 28, 1996. Amendment filed February 3, 2005; effective June 28, 2005. Repeal and new rule filed December 6, 2007, effective April 29, 2008.

1640-01-17-.02 GENERAL.

- (1) Definitions. As used in these regulations (Chapter 1640-01-17):
 - (a) "Academic year": ~~is~~**Aa** period of time, typically nine (9) months, and is composed of two (2) semesters.
 - (b) "Act": ~~is~~ T.C.A. § 49-4-212 as found in Public Chapter 392 of the Public Acts of 1995.
 - (c) **Default: The failure of a recipient in repayment status to make installment payments for a period of two hundred seventy (270) consecutive days.**
 - (ed) "Deferment": ~~is~~**Aa** period of time in which the student's payments may be postponed, pursuant to Rule 1640-01-17-.05(7).
 - (de) "Eligible schools": ~~in which recipients may teach for credit toward their loans are these~~**Tennessee** public schools approved by the **Tennessee** State Board of Education in which recipients may teach for cancellation credit towards their loans ~~for teaching~~ at

Rule 1640-01-17-.02, continued

~~the a~~ prekindergarten, kindergarten, elementary, or secondary level in Tennessee.

- (ef) ~~“Full-time teaching”: will be determined on the basis that~~ A a minimum of fifty percent (50%) of the recipient’s weekly workload is devoted to teaching, exclusive of administrative, ~~teaching assistance, after-school programs,~~ counseling, or other assigned duties.
 - (fg) ~~“Full year of teaching service”: shall be~~ Two (2) semesters of full-time teaching. Recipients must teach at least ninety (90) days each semester, or one hundred eighty (180) days for the academic year.
 - (gh) ~~“Grace period”: is~~ A a period of one (1) year that shall begin on the date the student completes his or her plan of study, in which repayment is not required, ~~and but~~ interest shall accrue on the loan from the date of ~~each~~ disbursement.
 - ~~(h) “Letter of Recommendation” is a letter provided by an official of a State-approved teacher education program to which the student has been admitted attesting to the student’s commitment to teaching and potential for success as a teacher.~~
 - ~~(i) “Minority” is a person who is: African American, a person having origins in any of the black racial groups of Africa; Hispanic, a person of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin, regardless of race; Asian American, a person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands; or Native American, a person having origins in any of the original peoples of North America.~~
 - (j) ~~“Plan of study”:~~ is A a plan of enrollment ~~not to exceed four (4) academic years (the equivalent of eight (8) semesters)~~ within which the applicant may complete requirements for licensure in an eligible field of study. The plan is transferable among Tennessee higher education institutions provided such transfer is approved by the receiving institution ~~and can be completed within the four-year time period calculated from the date of original award disbursement.~~
 - (j) Promissory Note: A signed statement certifying the candidate’s intent to become a teacher in a public school system of Tennessee at the prekindergarten, kindergarten, elementary, or secondary level and their obligation to repay the loan should they fail to fulfill the teaching requirements.
 - (k) ~~“Repayment period”: is~~ A a period of not more than ten (10) years in which the loan will be repaid and shall begin at the end of the grace period, or when TSAC determines that the recipient has not complied with the requirements of the Act.
 - (l) ~~“Satisfactory progress”:~~ is A a standard of progress toward completion of the pursued plan of study during which the student maintains at least a 2.75 cumulative grade point average (GPA) on a 4.0 scale or, if required by the teacher education program at the institution attended, a higher cumulative GPA.
 - ~~(m) “Statement of Intent” is a signed statement from a candidate certifying his or her intent to become a teacher in a public school system of Tennessee at the prekindergarten, kindergarten, elementary, or secondary level.~~
 - (m) TSAC: Tennessee Student Assistance Corporation.
- (2) To be eligible for an award all undergraduate students must attend a Tennessee college or university on a full-time basis as determined by the institution’s written policies, excluding

Rule 1640-01-17-.02, continued

- periods of internship/ ~~and/or~~ student teaching. During such periods, undergraduate students must be enrolled at least half-time, but may be enrolled less than full-time if mandated by the written policies of the educational institution. Post-baccalaureate ~~students- recipients~~ must attend a Tennessee college or university on at least a half-time basis as determined by the institution's written policies.
- (3) Funds received from this program are considered financial assistance for purposes of determining student ~~aid-assistance~~ eligibility under programs authorized by Title IV of the Higher Education Act of 1965, as amended.
 - (4) All such loans shall be evidenced by notes payable to TSAC.
 - (5) Any applications received or approved shall be subject to the availability of funds.
 - (6) Applications must be submitted on TSAC-approved forms by April 15, which immediately precedes the academic year for which the student is applying. The April 15 cut-off date may be extended by the TSAC ~~Associate~~ Executive Director ~~for Grant and Scholarship Programs~~ should it be determined necessary for the purpose of utilizing all available funds.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212. **Administrative History:** Original rule filed February 7, 1996; effective June 28, 1996. Amendment filed February 3, 2005; effective June 28, 2005. Repeal and new rule filed December 6, 2007, effective April 29, 2008.

1640-01-17-.03 ELIGIBILITY.

- (1) The successful applicant must meet all ~~of~~ the following criteria:
 - (a) Be a citizen of the United States.
 - (b) Be a resident of Tennessee ~~as defined by regulations promulgated by the Tennessee Board of Regents.~~
 - (c) Be admitted to ~~or enrolled in~~ a State-approved teacher education program at an accredited institution of higher education in Tennessee.
 - (d) Not be a licensed teacher, and not be employed, or previously employed, in a teaching position.
 - (e) Submit to TSAC a signed ~~Statement of Intent~~ Promissory Note to teach full-time ~~one year for each year an award is received~~ in a Tennessee public prekindergarten, kindergarten, elementary, or secondary school ~~one (1) year for each year an award is received, or repay the loan should they fail to fulfill the teaching requirements.~~
 - (f) Submit to TSAC a ~~L~~etter of ~~R~~ecommendation ~~attesting to the student's commitment to teaching~~ from an official of ~~a State-approved~~ the teacher education program to which the student has been admitted.
 - (g) Not accept any financial aid that carries with it a conflicting service obligation. For the purposes of this program, participation in the Minority Teaching Fellows Program shall be considered as accepting aid that carries a conflicting service obligation.
 - (h) Submit a completed ~~TSAC-approved~~ application to TSAC by the established deadline ~~on a TSAC-approved application.~~

Rule 1640-1-17-.03, continued

- (i) Submit to TSAC copies of all official college transcripts and the most recent test scores.
- (j) Agree to inform TSAC in writing when any ~~significant change in his or her status~~ occurs in name, address, or school enrollment, and provide supporting documentation ~~to support it. This shall include, but is not limited to changes in name, address, and enrollment.~~ After obtaining teacher licensure, the recipient shall continue to notify TSAC of any change in name or address, and ~~shall also inform TSAC~~ when he or she has obtained a teaching position, changed teaching assignments, or terminated teaching service.
- (k) ~~Shall Not~~ owe a refund or repayment on any grant, and is not in default on any loan, received at any postsecondary institution, under the provisions of Title IV of the Higher Education Act of 1965, as amended.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212. **Administrative History:** Original rule filed February 7, 1996; effective June 28, 1996. Repeal and new rule filed December 6, 2007, effective April 29, 2008.

1640-01-17-.04 METHOD OF SELECTION.

- (1) Each year that funds are available, preliminary ratings of applications will be made by the TSAC staff based upon ~~established~~ criteria and rankings established by the Selection Committee, composed of representatives of the ~~SBES~~ State Board of Education, the TDOE, THEC, a member of the Tennessee Association of Student Financial Aid Administrators (TASFAA) from a postsecondary institution, and the Executive Director of TSAC or his or her designee. The Selection Committee will then review the top rated candidates to determine the final selections.
- (2) The following priority groups have been established for this program:
 - (a) First priority shall be given to ~~eligible~~ renewal applicants who have maintained a cumulative GPA of at least 2.75 on a 4.0 scale, or higher if required by the teacher education program at the student's institution of higher education.
 - (b) Second priority shall be given to ~~eligible~~ non-teachers holding a bachelor's degree or higher who pledge to become teachers and who have at least a 2.75 cumulative GPA on a 4.0 scale for the highest degree attained, or a cumulative GPA of at least 2.75 on a 4.0 scale for graduate level studies, provided they have completed at least twelve (12) semester hours or the equivalent at the graduate level. A higher GPA may be required if mandated by the teacher education program at the student's institution of higher education.
 - (c) Third priority shall be given to ~~eligible~~ college juniors and seniors who possess a college cumulative GPA of at least 2.75, or higher if required by the teacher education program at the student's institution of higher education.
- (3) Until all qualified applicants from the higher priority group(s) who have submitted their applications by the deadline have been offered the ~~loan~~ award, no applicants from a lower group may be considered for selection.
- ~~(4) The ranking of applicants must consider grade point average, minority status, and teacher shortages in subject areas. It may also include standardized test scores, evidence of commitment (experiences that would indicate an interest in teaching), and other such factors that shall be identified as relevant to meeting the goals and interests of the Act.~~

Rule 1640-1-17-.04, continued

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212. **Administrative History:** Original rule filed February 7, 1996; effective June 28, 1996. Repeal and new rule filed December 6, 2007, effective April 29, 2008.

1640-01-17-.05 LOAN AMOUNT AND TERMS.

- (1) All loans shall be evidenced by **promissory** notes payable to TSAC. The maximum award available to any student shall be established by the Board of Directors of TSAC. If the recipient receives other educational assistance for the same period(s), the total assistance including this award is limited to the recipient's cost of attendance, as determined by the **college-institution's** financial aid office.
 - (a) For less than full-time study (twelve (12) semester hours), for undergraduate students in their final semester the amount of the award for one (1) academic year shall be determined based upon the following per term class load:
 1. 6-8 credit hours - 50% of the academic year amount.
 2. 9-11 credit hours - 75% of the academic year amount.
 - (b) For graduate students attending less than full-time, as determined by the institution, the amount of the award for one (1) academic year shall be determined based upon the following per term class load:
 1. half-time – 50% of the academic year amount.
 2. greater than half-time, but less than full-time – 75% of the academic year amount.
- (2) Funds will be sent by ~~warrant or~~ Automated Clearing House (ACH) ~~one (1) term at a time~~ to the ~~financial~~ institution's financial aid office or business office in the recipient's name **and shall be disbursed on a semester pro-rata basis. If the institution participates in ACH, the funds will be sent by direct deposit to the institution and T**the institution will be directed to deliver the funds to the recipient. Prior to disbursing the ~~warrant or ACH~~ funds to the student, the institution shall ensure that the recipient is enrolled in a teacher education program for the number of hours for which the ~~warrant or ACH~~ funds are being ~~is~~ issued for the appropriate academic term, and is making satisfactory progress in accordance with the Act. **If the recipient receives other educational assistance for the same period, the total assistance including this award is limited to the recipient's cost of attendance, as determined by the institution's financial aid office.**
- (3) The awards may be transferred from one eligible institution of higher education to another provided that a TSAC-approved transfer form is submitted to TSAC.
- (4) Cancellation
 - (a) For each year of full-time teaching service at an eligible school, as defined in these regulations, the recipient shall receive cancellation credit of one (1) academic year's award (the equivalent of two (2) semesters) toward repayment of the loan. If a recipient teaches in an eligible school that is high priority or on warning status as designated by the Tennessee Department of Education or the **SBE State Board of Education**, the recipient's obligation will be canceled at a rate of one and one third (1 1/3) of the total annual award.
 - (b) Fractions of a year may be credited in one (1) semester or one-half (1/2) year

Rule 1640-01-17-.05, continued

- increments toward cancellation for recipients who begin or end full-time teaching in the middle of an academic year in a Tennessee public school. At the end of such period, cancellation credit will be applied upon receipt of verification of the completion of such service.
- (c) A grace period of one (1) year will be granted to allow the recipient the opportunity to secure employment to begin cancellation credit. When a recipient has obtained a full-time teaching position at an eligible school, some or all of the grace period may be waived at ~~his or her~~ the recipient's written request.
 - (d) Recipients in teaching positions that qualify them for cancellation credit must notify TSAC of that teaching status. Individuals whom TSAC has determined to be in a full-time teaching position at an eligible school shall be granted a postponement on repayment to allow them the opportunity to complete a full year of teaching. At the end of such period, cancellation credit will be applied upon receipt of the verification of such service.
 - (e) The debt shall be canceled ~~in case of~~ due to the death of the recipient upon documentation deemed acceptable by TSAC.
 - (f) If a recipient is determined to be totally and permanently disabled under the standards established by T.C.A., Title 8, Chapter 36, Part 5, for determining disability for members of the Tennessee Consolidated Retirement System, the outstanding debt shall be canceled. A recipient is not considered totally and permanently disabled on the basis of a condition that existed prior to his or her application unless the recipient's condition has substantially deteriorated since he or she submitted the application. If at any time subsequent to an initial determination of disability the recipient's condition improves to the point where a total and permanent disability no longer exists, TSAC may reinstate any outstanding debt previously canceled.
- (5) Repayment
- (a) The loan must be repaid should the recipient choose not to honor the terms and conditions of the loan agreement. Repayment will include the full amount of the loan funds received plus interest accrued from the date of each disbursement of the ~~loan award, and shall be based upon a nine percent (9%) per annum interest rate calculated from the date of original award.~~ The interest accrued is determined by an interest rate of nine percent (9%) per annum. Repayment may be in whole or in monthly installments of at least one hundred dollars (\$100) over a period of not more than ten (10) years from the end of the grace period. Payments of less than the amount required to amortize the loan within ten (10) years may be made only if the recipient documents to TSAC's satisfaction his or her inability to make payments of that amount. All interest shall be based upon the unpaid balance of the loan. The accrued interest may be capitalized.
 - (b) Repayment for recipients who complete the plan of study shall begin upon demand by TSAC, or in the first month following the end of the grace period. Interest shall begin to accrue on the date of ~~each~~ disbursement of the award(s).
 - (c) Repayment for recipients who fail to complete the ~~funded~~ plan of study shall begin ~~upon demand by TSAC, or~~ in the first month after TSAC has determined that the student is no longer enrolled in a teacher education program or other failure to comply with the terms of the agreement. ~~Repayment will include the full amount of the loan funds received plus interest accrued from the date of disbursement and shall be based upon the nine percent (9%) per annum interest rate from the date of each~~

Rule 1640-01-17-.05, continued

- disbursement. Repayment may be made in whole or monthly installments over a period of not more than ten (10) years from the date of failure to complete the plan of study. All interest shall be based upon the unpaid balance of the loan. The accrued interest may be capitalized. ~~Interest shall begin to accrue on the date of disbursement.~~ If a borrower issues a check, draft, warrant or electronic funds transfer, which is subsequently returned to TSAC for reason of insufficient funds, a stop payment order by the issuer, or any other reason, the payment to which these funds was applied shall be reversed on the borrower's account and interest shall continue to accrue from the date of the last valid payment.
- (d) Repayment of principal and interest will be prorated ~~for partial service cancellation to reflect each full academic year to reflect the portion of the teaching obligation not completed.~~ Such repayment shall begin upon demand by TSAC, or in the first month following termination of the creditable teaching service. Repayment of the non-canceled portion of the loan may be made in whole or in monthly installments over the ~~remaining months of the~~ ten (10) year repayment period. All interest shall be based upon the unpaid balance of the loan. ~~The~~ Accrued interest may be capitalized. ~~Minimum monthly payments of one hundred dollars (\$100) will be required unless an exception as described in (5)(a) of this rule is granted.~~
- (e) ~~If a recipient should re-enter teaching at an eligible school after commencing monetary repayment, the repayments already made cannot be returned to the recipient. However, any additional repayment balances that were not in arrears at the time of the reentry into teaching may be canceled by subsequent teaching service.~~
- (6) Repayment of principal may be deferred, but interest shall accrue, during any period while the recipient is enrolled at least half-time at an accredited institution of higher learning. The recipient may also be eligible for deferment during any period he or she is enrolled part time in a State-approved teacher education program at a Tennessee institution of higher education, and is making satisfactory progress toward teacher licensure in accordance with the institution's written policy, or in other extenuating circumstances as determined by the ~~Associate~~ Executive Director for Grant and Scholarship Programs of TSAC. To be eligible for deferment the recipient must request a deferment in writing and complete a TSAC-approved deferment form on a semi-annual basis.
- (7) Deferments must be verified on a semi-annual basis and supporting documentation shall be provided to TSAC if requested. A student may be granted a deferment based on one or more of the following reasons:
- (a) ~~"Enrollment not seeking a teaching certificate": in which T~~ the student is still enrolled in an accredited institution but is no longer seeking a teaching licensure, and shall not exceed three (3) years.
- (b) ~~"Enrollment seeking a teaching certificate": in which T~~ the student has not yet completed the requirements for a teaching licensure, ~~and~~ is still enrolled at least half-time at an accredited postsecondary institution, ~~and~~ is making satisfactory progress toward a teacher licensure, and shall not exceed four (4) years.
- (c) ~~"Hardship": is A~~ a period of time in which the ~~student~~ recipient is ~~not~~ unable to make payments due to financial, medical, or personal circumstances beyond the recipient's control, or other extenuating circumstances approved by the Associate Executive Director for Grant and Scholarship Programs. Such period of hardship ~~and~~ shall not exceed two (2) years.
- (d) ~~"Military duty": in which a~~ The student has been called into active duty and shall not

Rule 1640-01-17-.05, continued

exceed the time of deployment.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212. **Administrative History:** Original rule filed February 7, 1996; effective June 28, 1996. Amendment filed June 30, 2000; effective October 28, 2000. Amendment filed August 6, 2002; effective December 27, 2002. Amendments filed February 3, 2005; effective June 28, 2005. Repeal and new rule filed December 6, 2007, effective April 29, 2008.

1640-01-17-.06 COLLECTIONS.

- (1) Due diligence requirements shall consist of the following:
 - (a) Provide the recipient with a signed copy of the promissory note.
 - (b) Notify the recipient of the repayment requirements during the grace period.
 - (c) Notify the recipient of repayment requirements during an approved period of deferment.
 - (d) Attempt to contact the recipient on no less than three separate occasions during the two hundred and seventy (270) day period in which no payments are received, beginning with the thirtieth (30th) day of delinquency and subsequent contacts no less than ninety (90) days apart.
- (2) TSAC's collection activity will begin when the recipient is no longer honoring the repayment obligation. TSAC will exercise due diligence to contact the student to resolve the delinquency.
- (3) TSAC will consider a recipient to be delinquent if the recipient fails to make an installment payment within thirty (30) days of the due date. Upon delinquency, TSAC will attempt to contact the recipient to give notice of the delinquency, inform the recipient of the consequences of default, and encourage the recipient to make payments as provided under the promissory note.
- (4) TSAC will consider a recipient to be in default if the recipient fails to make a payment for a period of two hundred seventy (270) consecutive days.
- (5) Once the recipient is in default, TSAC may take one or more of the following actions:
 - (a) Assign the defaulted loan(s) to a collection agency.
 1. Collection costs may be added to the defaulted loan at a rate not to exceed twenty (20%) of the original principal balance. Payments on the combined principal, interest, and collection costs shall not exceed an amount determined to be reasonable and affordable.
 - (b) Report to credit bureaus the default status of each loan.
 - (c) Make the student ineligible for state student aid programs.
 - (d) Submit an order of suspension, denial, or revocation to the appropriate licensing board for any Tennessee-issued professional license held by the recipient.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212. **Administrative History:**

1640-01-17-.07 REPEALED.

Rule 1640-01-17-.07, continued

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212. **Administrative History:** Original rule filed February 7, 1996; effective June 28, 1996. Repeal of rule filed December 6, 2007; effective April 29, 2008.

1640-01-17-.068 APPEALS PROCEDURE.

- (1) TSAC shall provide written notice to a student of an adverse decision relative to a student's application for scholarship or scholarship award. A student who disagrees with such decision and wants the decision reviewed must request a review of the decision in writing. The student's request for review must be received by TSAC within ten (10) business days of the date of the written notice provided by TSAC. Such request shall include a statement of the reason or reasons for the request for review and all information supporting the student's position regarding the decision.
- (2) Review of the TSAC decision shall be made by the TSAC Associate Executive Director for Grants and Scholarships Programs, who shall issue a written decision to the student. A student who disagrees with such decision and wants the decision reviewed must request a further review of that decision in writing. The student's request for review must be received by TSAC within ten (10) business days of the date of the decision. Such request shall include a statement of the reason or reasons for request for review and all relevant supporting information.
- (3) Review of the decision of the TSAC Associate Executive Director for Grants and Scholarships Programs shall be made by the TSAC Executive Director, who shall issue a written decision to the student. A student who disagrees with such decision and wants the decision reviewed must request a further review of that decision in writing. The student's request for review must be received by TSAC within ten (10) business days of the date of the decision. Such request shall include a statement of the reason or reasons for request for review and all relevant supporting information.
- (4) Review of the decision of the TSAC Executive Director shall be made by the TSAC Appeals Committee, who shall issue a written decision to the student. The decision of the TSAC Appeals Committee is the final administrative remedy. There shall be no right to judicial review of a decision of the TSAC Appeals Committee.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212. **Administrative History:** Original rule filed February 7, 1996; effective June 28, 1996. Repeal and new rule filed December 6, 2007, effective April 29, 2008.

~~**1640-1-17-.07 REPEALED.**~~

~~**Authority:** T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212. **Administrative History:** Original rule filed February 7, 1996; effective June 28, 1996. Repeal of rule filed December 6, 2007; effective April 29, 2008.~~

Tennessee Student Assistance Corporation

Thursday March 15, 2012

DECISION ITEM E: Proposed Rule Changes
Minority Teaching Fellows Program

Staff Recommendation: (1) That the Tennessee Assistance Student Corporation adopts Rule 1640-1-13 as proposed rules (Minority Teaching Fellows Program).

(2) That the Tennessee Student Assistance Corporation authorize its Executive Director to make any necessary technical corrections to these rules including changes suggested by the Tennessee Attorney General.

Background: Changes to the rules include defining the term “default” as used by the Loan Administration Division, providing the specific number of days recipients must teach to receive loan forgiveness, and adding a section which will provide TSAC with greater opportunity to collect payments from recipients who do not fulfill the required service obligation.

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

Supporting Document: *Draft Rules of the Tennessee Student Assistance Corporation, Chapter 1640-1-13, Minority Teaching Fellows Program, March 15, 2012.*

**RULES OF
TENNESSEE STUDENT ASSISTANCE CORPORATION**

**CHAPTER 1640-01-13
MINORITY TEACHING FELLOWS PROGRAM**

TABLE OF CONTENTS

1640-01-13-.01	Introduction	1640-01-13-.05	Loan Amount and Terms
1640-01-13-.02	General	1640-1-13-.06	Appeals Procedures
1640-01-13-.03	Eligibility	1640-01-13-.06	Collections
1640-01-13-.04	Method of Selection	1640-01-13-.07	Repealed
		1640-01-13-.08	Appeals Procedures

1640-01-13-.01 INTRODUCTION.

- (1) These rules implement the Minority Teaching Fellows Program (MTFP) authorized by T.C.A. § 49-4-706 in Public Chapter 202 of the 1989 Public Acts (hereinafter referred to as the “Act”). The Act provides for a fellowship award for minority Tennesseans who are preparing to become teachers. Recipients who become public school teachers in Tennessee shall receive forgiveness of the fellowship balance based on one (1) year’s teaching service for each year the fellowship was awarded. The Tennessee Student Assistance Corporation (TSAC) shall administer the program under regulations and criteria developed jointly with the Tennessee State Board of Education (SBE) and the Tennessee Higher Education Commission (THEC).

Authority: T.C.A. §§ 49-4-201, 49-4-204 and 49-4-706. **Administrative History:** Original rule filed July 14, 1989; effective October 29, 1989. Amendment filed February 3, 2005; effective June 28, 2005. Repeal and new rule filed December 6, 2007; effective April 29, 2008.

1640-01-13-.02 GENERAL.

- (1) Definitions. As used in these regulations (Chapter 1640-01-13):
- (a) ~~“Academic year”:~~ ~~is~~ ~~Aa~~ period of time, typically nine (9) months, and is composed of two (2) semesters.
 - (b) ~~“Act”:~~ ~~is~~ T.C.A. § 49-4-706 as found in Public Chapter 202 of the Public Acts of 1989.
 - (c) ~~Default:~~ The failure of a recipient in repayment status to make installment payments for a period of two hundred seventy (270) consecutive days.
 - (ed) ~~“Deferment”:~~ ~~is~~ ~~Aa~~ period of time in which the student’s payments may be postponed, pursuant to Rule 1640-01-13-.05.
 - (de) ~~“Eligible schools”:~~ ~~in which recipients may teach for credit toward their loans are those~~ Tennessee public schools approved by the ~~SBE~~ Tennessee State Board of Education ~~for teaching~~ in which recipients may teach for cancellation credit towards their loans at a prekindergarten, kindergarten, elementary, or secondary level in Tennessee.
 - (ef) ~~“Full-time teaching”:~~ ~~will be determined on the basis that~~ ~~Aa~~ minimum of fifty percent (50%) of the recipient’s weekly workload is devoted to teaching, exclusive of administrative, ~~teaching assistance, after-school programs,~~ counseling, or other assigned duties.
 - (fg) ~~“Full year of teaching service”:~~ ~~shall be~~ ~~Two~~ (2) semesters of full-time teaching. Recipients must teach at least ninety (90) days each semester, or one hundred eighty

(Rule 1640-01-13-.02, continued)

(180) days for the academic year.

- (gh) “Grace period”: ~~is-Aa~~ period of one (1) year that shall begin on the date the student completes his or her plan of study, in which repayment is not required, ~~and but~~ interest shall accrue on the loan from the date of ~~each~~ disbursement.
 - (hi) “Minority” ~~is-Aa~~ person who is: ~~Black or~~ African American, a person having origins in any of the black racial groups of Africa; Hispanic ~~or Latino~~, a person of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin, regardless of race; Asian American, a person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent, ~~;~~ ~~Native Hawaiian or Other Pacific Islander~~, a person having origins in the Pacific Islands; or ~~Native American Indian or Alaska Native~~, a person having origins in any of the original peoples of North America.
 - (ij) “Plan of study”: ~~is-Aa~~ plan of enrollment ~~not to exceed four (4) academic years (the equivalent of eight (8) semesters)~~ within which the applicant may complete requirements for licensure in an eligible field of study. The plan is transferable among Tennessee higher education institutions provided such transfer is approved by the receiving institution ~~and can be completed within the four-year time calculated from the date of disbursement.~~
 - (k) Promissory Note: A signed statement certifying a candidate’s intent to become a teacher in a public school system of Tennessee at the prekindergarten, kindergarten, elementary, or secondary level and their obligation to repay the loan should they fail to fulfill the teaching requirements.
 - (jl) “Repayment period”: ~~is-Aa~~ period of not more than ten (10) years in which the loan will be repaid and shall begin at the end of the grace period, or when TSAC determines that the recipient has not complied with the requirements of the Act.
 - (km) “Satisfactory progress”: ~~is-Aa~~ standard of progress toward completion of the pursued plan of study during which the student maintains at least a 2.5 cumulative grade point average (GPA) or, if required by the institution attended, a higher GPA. After two (2) or more semesters of attendance, if a student’s cumulative GPA is no more than 0.1 below the required GPA, the student may continue on probation for one (1) semester. After the probation semester, the cumulative GPA must be at least 2.5, or higher if required by the institution attended. The student may have only one (1) semester of probation during eight (8) semesters of eligibility in the program.
 - (l) ~~“Statement of Intent” is a signed statement from a candidate certifying his or her intent to become a teacher in a public school system of Tennessee at the prekindergarten, kindergarten, elementary, or secondary level.~~
 - (n) TSAC: Tennessee Student Assistance Corporation.
- (2) All recipients must attend ~~the~~ Tennessee college or university on a full-time basis as determined by the institution’s written policies to be eligible, ~~excluding periods of internship and/or student teaching. During such periods of internship and/or student teaching, recipients must be enrolled at least half-time, but may be enrolled less than full-time as mandated by the written policies of the educational institution.~~
 - (3) Funds received from this program are considered financial assistance for purposes of determining student assistance eligibility under programs authorized by Title IV of the Higher

(Rule 1640-01-13-.02, continued)

Education Act of 1965, as amended.

- (4) All such loans shall be evidenced by notes payable to TSAC.
- (5) Any applications received or approved shall be subject to the availability of funds.
- (6) ~~The applicant pool for available funds for awards to be made for the year beginning in July shall be established based upon applications received prior to April 15 of that year. Applications must be submitted on TSAC-approved forms by April 15, which immediately precedes the academic year for which the student is applying.~~ The April 15 cut-off date may be extended by the TSAC Associate Executive Director for Grant and Scholarship Programs should it be determined necessary for the purpose of utilizing all available funds.

Authority: T.C.A. §§ 49-4-201, 49-4-203, 49-4-204, and 49-4-706. **Administrative History:** Original rule filed July 14, 1989; effective October 29, 1989. Amendment filed April 2, 1996; effective August 28, 1996. Amendment filed October 20, 1997; effective February 27, 1998. Amendment filed February 3, 2005; effective June 28, 2005. Repeal and new rule filed December 6, 2007; effective April 29, 2008.

1640-01-13-.03 ELIGIBILITY. ~~The successful applicant must meet all of the following:~~

- (1) The successful applicant must meet all of the following criteria:
 - (a) Be a citizen of the United States.
 - (b) Be a resident of Tennessee as defined by regulations promulgated by the Tennessee Board of Regents.
 - (c) Be a minority.
 - (d) Be admitted to or enrolled in an accredited institution of higher education in Tennessee from which credits earned are recognized by the State to be applicable to a teacher certification program. ~~Loans-Awards~~ may also be granted to students admitted to or enrolled in an accredited two-year institution of higher education, provided that a plan of study is pursued which is transferable to a college or university in Tennessee and will lead to licensure, which will then be used to teach in a public school at ~~some-a~~ prekindergarten, kindergarten, elementary, or secondary level in the State, provided that the plan of study can be completed within a four-year period calculated from the date of the first disbursement.
 - (e) ~~Submit to TSAC a signed Statement of Intent Promissory Note~~ to teach full-time in a Tennessee public prekindergarten, kindergarten, elementary or secondary school ~~one (1) year for each year an award is received, or repay the loan should they fail to fulfill the teaching requirements.~~
 - (f) Not accept any financial aid that carries with it a conflicting service obligation. For the purposes of this program, participation in the Tennessee Teaching Scholars Program shall be considered as accepting aid that carries a conflicting service obligation.
 - (g) Submit a completed ~~TSAC-approved~~ application to TSAC by the established deadline ~~on a TSAC-approved application.~~
 - (h) Submit to TSAC copies of all official transcripts and the most recent test scores.
 - (i) ~~Submit an essay on "Why I Chose Teaching as a Profession" as outlined in the MTFP~~

(Rule 1640-01-13-.03, continued)

application guidelines.

- (j) Submit to TSAC two letters of recommendation attesting to the student's commitment to teaching: one personal recommendation and one from a school official.
- (ik) Agree to inform TSAC in writing when any ~~significant change in his or her status~~ occurs in name, address, or school enrollment, and provide supporting documentation ~~to support it. This shall include, but is not limited to changes in name, address, and enrollment.~~ After obtaining teacher licensure, the recipient shall continue to notify TSAC of any change in name or address, and ~~the recipient shall inform TSAC~~ when he or she has obtained a teaching position, changed teaching assignments, or terminated teaching service.
- (jl) ~~Shall Not~~ owe a refund or repayment on any grant, and is not in default on any loan, received at any postsecondary institution, under the provisions of Title IV of the Higher Education Act of 1965, as amended.

Authority: T.C.A. §§ 49-4-201, 49-4-203, 49-4-204, and 49-4-706. **Administrative History:** Original rule filed July 14, 1989; effective October 29, 1989. Amendment filed October 20, 1997; effective February 27, 1998. Amendment filed February 3, 2005; effective June 28, 2005. Repeal and new rule filed December 6, 2007; effective April 29, 2008.

1640-01-13-.04 METHOD OF SELECTION.

- (1) Each year that funds are available, ~~the Executive Director of TSAC with~~ representatives of the ~~SBE~~ State Board of Education, the TDOE, and THEC ~~with the Executive Director of TSAC~~ shall form a selection committee that shall determine the ranking of applicants in accordance with the ranking system adopted by the four agencies.
- (2) The following priority groups have been established for this program:
 - (a) First priority shall be given to eligible renewal applicants.
 - (b) Second priority shall be given to eligible college students who have a 2.5 college GPA, are enrolled full-time, and are taking courses creditable to teacher education.
 - (c) Third priority shall be given to eligible entering freshmen who have a 2.75 high school GPA and either an ACT composite score of at least 18 (or the equivalent SAT total score). ~~or in the top twenty-five percent (25%) of their high school graduating class.~~
- (3) Until all qualified applicants from the higher priority group(s) who have submitted their applications by the deadline have been offered the ~~loan~~ award, no applicants from a lower group may be considered for selection.
- (4) The ranking of applicants must consider grade point average, standardized test scores, and evidence of commitment (experiences that would indicate an interest in teaching). ~~It may also include difficulty of high school and/or undergraduate courses taken, certifications sought, the grand division of the State in which the applicant resides,~~ and other such factors that shall be identified as relevant to meeting the goals and interests of the Act.

Authority: T.C.A. §§ 49-4-201, 49-4-203, 49-4-204, and 49-4-706. **Administrative History:** Original rule filed July 14, 1989; effective October 29, 1989. Amendment filed October 20, 1997; effective February 27, 1998. Amendment filed December 22, 1997; effective April 30, 1998. Repeal and new rule filed December 6, 2007; effective April 29, 2008.

1640-01-13-.05 LOAN AMOUNT AND TERMS.

- (1) All loans shall be evidenced by **promissory** notes payable to TSAC.
- (2) Funds will be sent **by Automated Clearing House (ACH)** to the ~~college-institution's~~ financial aid office or business office ~~each semester~~ in the recipient's name and shall be disbursed on a semester pro rata basis. ~~If the institution participates in Automated Clearing House, the funds will be sent by direct deposit to the institution and~~ The institution will be directed to deliver the funds to the recipient. The maximum award for a recipient and opportunities for renewal shall be as described in T.C.A. § 49-4-706. If the recipient receives other educational assistance for the same period(s), the total assistance including this award is limited to the recipient's cost of attendance, as determined by the ~~college-institution's~~ financial aid office.
- (3) The awards may be transferred from one eligible institution of higher education to another provided that a TSAC-approved transfer form is submitted to TSAC.
- (4) Cancellation
 - (a) For each year of full-time teaching service at an eligible school, as defined in these regulations, the recipient shall receive cancellation credit of one (1) academic year's award (the equivalent of two (2) semesters) toward repayment of the loan. If a recipient teaches in an eligible school that is high priority or on warning status as designated by the ~~State-Tennessee~~ Department of Education or the State Board of Education, the recipient's obligation will be canceled at a rate of one and one-third (1 1/3) of the total annual award.
 - (b) Fractions of a year may be credited in one (1) semester or one-half (1/2) year increments toward cancellation for recipients who begin or end full time teaching in the middle of an academic year in a Tennessee public school. At the end of such period, cancellation will be applied upon receipt of verification of the completion of such service.
 - (c) A grace period of one (1) year will be granted to allow the recipient opportunity to secure employment to begin cancellation credit. When a recipient has obtained a full-time teaching position at an eligible school, some or all of the grace period may be waived at the recipient's written request.
 - (d) Recipients in teaching positions, which qualify them for cancellation credit, must notify TSAC of that teaching status. Individuals whom TSAC has determined to be in a full-time teaching position at an eligible school shall be granted a postponement on repayment to allow them the opportunity to complete a full year of teaching. At the end of such period, cancellation credit will be applied upon receipt of the verification of such service.
 - (e) The debt shall be canceled ~~in case of due~~ to the death of the recipient upon documentation deemed acceptable by TSAC.
 - (f) If a recipient is determined to be totally and permanently disabled under the standards established by T.C.A., Title 8, Chapter 36, Part 5, for determining disability for members of the Tennessee Consolidated Retirement System, the outstanding debt shall be canceled. A recipient is not considered totally and permanently disabled on the basis of a condition that existed prior to his or her application unless the recipient's condition has substantially deteriorated since he or she submitted the application. If at any time subsequent to an initial determination of disability the recipient's condition

(Rule 1640-01-13-.05, continued)

improves to the point where a total and permanent disability no longer exists, ~~the Corporation~~TSAC may reinstate any outstanding debt previously canceled.

- (5) Repayment
- (a) The loan must be repaid should the recipient choose not to honor the terms and conditions of the loan agreement. Repayment will include the full amount of the loan funds received plus interest accrued from the date of ~~each~~ disbursement of the award~~(s)~~. The interest accrued is determined by an interest rate of nine percent (9%) per annum. Repayment may be in whole or in monthly installments of at least one hundred dollars (\$100) over a period of not more than ten (10) years from the end of the grace period. Payments of less than ~~one hundred dollars (\$100) per month~~ the amount required to amortize the loan within ten (10) years may be made only if the recipient documents to TSAC's satisfaction his or her inability to make payments of that amount. All interest shall be based upon the unpaid balance of the loan. The accrued interest may be capitalized.
 - (b) Repayment for recipients who complete the plan of study shall begin upon demand by TSAC, or in the first month following the end of the grace period. Interest shall begin to accrue on the date of ~~each~~ disbursement of the award~~(s)~~.
 - (c) Repayment for recipients who fail to complete the funded plan of study shall begin upon demand by TSAC, or in the first month ~~following such failure~~ after TSAC has determined that the student is no longer enrolled in a teacher education program or other failure to comply with the terms of the agreement. Repayment will include the full amount of the loan funds received plus interest accrued from the date of disbursement and shall be based upon the nine percent (9%) per annum interest rate from the time of ~~the recipient's~~ each disbursement. Repayment may be made in whole or monthly installments over a period of not more than ten (10) years from the date of failure to complete the plan of study. All interest shall be based upon the unpaid balance of the loan. The accrued interest may be capitalized. If a borrower issues a check, draft, warrant or electronic funds transfer, which is subsequently returned to TSAC for reason of insufficient funds, a stop payment order by the issuer, or other reason, the payment to which these funds was applied shall be reversed on the borrower's account and interest shall continue to accrue from the date of the last valid payment.
 - (d) Repayment of principal and interest will be prorated for partial service cancellation to reflect each full academic year taught. Such repayment shall begin upon demand by TSAC, or in the first month following termination of the creditable teaching service. Repayment of the non-canceled ~~portion of the~~ loan may be made in whole or in monthly installments over the remaining months of the ten- (10) year repayment period. All interest shall be based upon the unpaid balance of the loan. The accrued interest may be capitalized. Minimum monthly payments of one hundred dollars (\$100) will be required unless an exception as described in (45)(a) of this rule is granted.
 - (e) If a recipient should re-enter teaching at an eligible school after commencing monetary repayment, the repayments already made cannot be returned to the recipient. However, additional repayment balances that were not in arrears at the time of the reentry into teaching may be "forgiven" by subsequent teaching service.
- (6) Repayment of principal may be deferred, but interest shall accrue, during any period while the recipient is enrolled as a full-time student in an accredited institution of higher learning, or other extenuating circumstances as determined by the Associate Executive Director for Grant and Scholarship Programs of ~~the~~TSAC. To be eligible for deferment the recipient

(Rule 1640-01-13-.05, continued)

must request a deferment in writing and complete a TSAC-approved deferment form on a semi-annual basis.

- (7) Deferments must be verified on a semi-annual basis and supporting documentation shall be provided to TSAC if requested. A student may be granted a deferment based on one or more of the following reasons:
- (a) “Enrollment not seeking a teaching certificate”: ~~in which T~~the student is still enrolled in an accredited institution, but is no longer seeking a teaching licensure, and shall not exceed three (3) years.
 - (b) “Enrollment seeking a teaching certificate”: ~~in which T~~the student has not yet completed the requirements for a teaching licensure, ~~and~~ is still enrolled at least half-time at an accredited postsecondary institution, ~~and~~ is making satisfactory progress toward a teacher licensure, and shall not exceed four (4) years.
 - (c) “Hardship”: ~~is A~~a period of time in which the student is ~~not~~ unable to make payments due to financial, medical, or personal circumstances beyond the recipient’s control, or other extenuating circumstances approved by the Associate Executive Director for Grant and Scholarship Programs. Such period of hardship ~~and~~ shall not exceed two (2) years.
 - (d) “Military duty”: ~~in which a~~The student has been called into active duty and shall not exceed the time of deployment.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-706. **Administrative History:** Original rule filed July 14, 1989; effective October 29, 1989. Amendment filed July 17, 1991; effective October 29, 1991. Amendment filed October 20, 1997; effective February 27, 1998. Amendment filed September 17, 1998; effective January 28, 1999. Amendment filed June 30; effective October 28, 2000. Amendment filed July 26, 2000; effective November 28, 2000. Amendment filed August 29, 2000; effective December 29, 2000. Amendment filed August 6, 2002; effective December 27, 2002. Amendments filed February 3, 2005; effective June 28, 2005. Repeal and new rule filed December 6, 2007; effective April 29, 2008.

1640-01-13-.06 COLLECTIONS.

- (1) Due diligence requirements shall consist of the following:
 - (a) Provide the recipient with a signed copy of the promissory note.
 - (b) Notify the recipient of the repayment requirements during the grace period.
 - (c) Notify the recipient of repayment requirements during an approved period of deferment.
 - (d) Attempt to contact the recipient on no less than three separate occasions during the two hundred seventy (270) day period in which no payments are received, beginning with the thirtieth (30th) day of delinquency and subsequent contacts no less than ninety (90) days apart.
- (2) TSAC’s collection activity will begin when the recipient is no longer honoring the repayment obligation. TSAC will exercise due diligence to contact the student to resolve the delinquency.
- (3) TSAC will consider a recipient to be delinquent if the recipient fails to make an installment

(Rule 1640-01-13-.056, continued)

payment within thirty (30) days of the due date. Upon delinquency, TSAC will attempt to contact the recipient to give notice of the delinquency, inform the recipient of the consequences of default, and encourage the recipient to make payments as provided under the promissory note.

- (4) TSAC will consider a recipient to be in default if the recipient fails make a payment for a period of two hundred seventy (270) consecutive days.
- (5) Once the recipient is in default, TSAC may take one or more of the following actions:
 - (a) Assign the defaulted loan(s) to a collection agency.
 1. Collection costs may be added to the defaulted loan at a rate not to exceed twenty (20%) of the original principal balance. Payments on the combined principal, interest, and collection costs shall not exceed an amount determined to be reasonable and affordable
 - (b) Report to credit bureaus the default status of each loan.
 - (c) Make the student ineligible for state student aid programs.
 - (d) Submit an order of suspension, denial, or revocation to the appropriate licensing board for any Tennessee-issued professional license held by the recipient.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-706. **Administrative History:**

1640-01-13-.07 REPEALED.

Authority: T.C.A. §49-4-204. **Administrative History:** Original rule filed July 14, 1989; effective October 29, 1989. Repeal of rule filed December 6, 2007; effective April 29, 2008.

1640-01-13-.068 APPEALS PROCEDURES.

- (1) TSAC shall provide written notice to a student of an adverse decision relative to a student's application for scholarship or scholarship award. A student who disagrees with such decision and wants the decision reviewed must request a review of the decision in writing. The student's request for review must be received by TSAC within ten (10) business days of the date of the written notice provided by TSAC. Such request shall include a statement of the reason or reasons for the request for review and all information supporting the student's position regarding the decision.
- (2) Review of the TSAC decision shall be made by the TSAC Associate Executive Director for Grants and Scholarships Program, who shall issue a written decision to the student. A student who disagrees with such decision and wants the decision reviewed must request a further review of that decision in writing. The student's request for review must be received by TSAC within ten (10) business days of the date of the decision. Such request shall include a statement of the reason or reasons for request for review and all relevant supporting information.
- (3) Review of the decision of the TSAC Associate Executive Director for Grants and Scholarships Programs shall be made by the TSAC Executive Director, who shall issue a written decision to the student. A student who disagrees with such decision and wants the decision reviewed must request a further review of that decision in writing. The student's request for review must be received by TSAC within ten (10) business days of the date of

(Rule 1640-01-13-068, continued)

the decision. Such request shall include a statement of the reason or reasons for request for review and all relevant supporting information.

- (4) Review of the decision of the TSAC Executive Director shall be made by the TSAC Appeals Committee, who shall issue a written decision to the student. The decision of the TSAC Appeals Committee is the final administrative remedy. There shall be no right to judicial review of a decision of the TSAC Appeals Committee.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-706. **Administrative History:** Original rule filed July 14, 1989; effective October 29, 1989. Repeal and new rule filed December 6, 2007; effective April 29, 2008.

~~1640-1-13-07 REPEALED.~~

~~**Authority:** T.C.A. §49-4-204. **Administrative History:** Original rule filed July 14, 1989; effective October 29, 1989. Repeal of rule filed December 6, 2007; effective April 29, 2008.~~

Tennessee Student Assistance Corporation

Thursday March 15, 2012

DECISION ITEM F: Proposed Rule Changes
Graduate Nursing Loan Forgiveness Program

Staff Recommendation: (1) That the Tennessee Assistance Student Corporation adopts Rule 1640-1-3 as proposed rules (Graduate Nursing Loan Forgiveness Program).

(2) That the Tennessee Student Assistance Corporation authorize its Executive Director to make any necessary technical corrections to these rules including changes suggested by the Tennessee Attorney General.

Background: Changes to the rules include defining the term “default” as used by the Loan Administration Division, providing a hardship deferment for recipients who are unable to make payments, and adding a section which will provide TSAC with greater opportunity to collect payments from recipients who do not fulfill the required service obligation.

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

Supporting Document: *Draft Rules of the Tennessee Student Assistance Corporation, Chapter 1640-1-3, Graduate Nursing Loan Forgiveness Program, March 15, 2012.*

**RULES OF
TENNESSEE STUDENT ASSISTANCE CORPORATION**

**CHAPTER 1640-01-03
GRADUATE NURSING LOAN-FORGIVENESS PROGRAM**

TABLE OF CONTENTS

1640-01-03-.01	Introduction	1640-01-03-.07	Repayment
1640-01-03-.02	Definition	1640-01-03-.08	Deferment
1640-01-03-.03	Eligibility	1640-01-03-.09	Cancellation/Forgiveness
1640-01-03-.04	Award Amount	1640-01-03-.10	Collections
1640-01-03-.05	Application Process	1640-01-03-.11	Leave of Absence
1640-01-03-.06	Interest	1640-01-03-.12	Appeals Procedure

1640-01-03-.01 INTRODUCTION.

- (1) These rules implement the Tennessee Graduate Nursing Loan Forgiveness Program authorized in T.C.A. § 49-4-702 in 2006 Public Acts, Chapter 882 (hereinafter called the Act). The Act makes provision for loans and loan forgiveness to certain candidates for master's and post-master's degrees in nursing education. Loan forgiveness requires employment as a teacher or administrator in a Tennessee nursing education program at an eligible postsecondary institution upon completion of the program of study.
- (2) While the Act refers to the program as a "loan-scholarship," the Corporation interprets the Act as establishing a loan forgiveness program because the Act requires the recipient to sign a promissory note that stipulates a repayment obligation. ~~In order to~~ to avoid confusion, the working title of the program shall be the "Tennessee Graduate Nursing Loan Forgiveness Program."

Authority: T.C.A. §§ 49-4-201, 49-4-204 and 49-4-702 ~~2006 Tenn. Pub. Acts Ch. 882~~. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Amendment filed March 18, 1977; effective April 18, 1977. Repeal and new rule filed as a Public necessity rule filed December 11, 2006; expires May 25, 2007. Original rule filed December 11, 2006; effective April 30, 2007.

1640-01-03-.02 DEFINITIONS.

- (1) As used in these rules (Chapter 1640-01-03):
 - (a) ~~"Corporation" means the Tennessee Student Assistance Corporation.~~
 - (ba) "Cost of Attendance": ~~means~~ the combined cost of tuition, mandatory fees, room and board, books, and other educational expenses as determined by the financial aid office of the eligible postsecondary institution.
 - (b) ~~Default: The failure of a recipient in repayment status to make installment payments for a period of two hundred seventy (270) consecutive days.~~
 - (c) ~~Deferment: A period of time in which the student's payments may be postponed, pursuant to Rule 1640-01-03-.08.~~
 - (ed) "Eligible Postsecondary Institution": ~~means~~
 - (1). ~~a~~ A Tennessee institution that is operated by the Tennessee Board of Regents of the state university and community college system, ~~or~~;

(Rule 1640-01-03-.02, Continued)

- (2). ~~a~~An institution in the University of Tennessee system, ~~or~~;
- (3). ~~A~~ Tennessee private postsecondary institution that is accredited by the Southern Association of Colleges and Schools (SACS), ~~or~~; and
- (4). ~~a~~An out-of-state institution that is accredited by a regional accrediting association and which uses distance education to deliver instruction to a graduate nursing loan recipient residing in the state of Tennessee.
- (df) "Eligible Academic Program": ~~means~~ ~~A~~ graduate program accredited by the National League for Nursing Accrediting Commission (NLNAC) and/or by the Commission on Collegiate Nursing Education (CCNE) and approved by the Tennessee Board of Nursing which leads to a master's or post-master's degree in a field of study which will qualify the graduate to become a teacher or administrator in a college or university nursing education program.
- (eg) "Full-time enrollment": ~~means a student enrolling in at least~~ the minimum number of credit hours per term necessary to be considered a full-time student, as defined by the eligible postsecondary institution.
- (fh) "Graduate Nursing Loan" : ~~means~~ ~~T~~the loan-scholarship referenced in T.C.A. § 49-4-702 ~~in 2006 Tennessee Public Acts, Chapter 882~~.
- (gi) "Grace period" : ~~means~~ ~~T~~the three (3) month period of time ~~which that~~ begins when the ~~borrower recipient~~ either completes his ~~or~~ her eligible academic program or no longer meets ~~the~~ graduate nursing loan eligibility requirements, and during which period of time interest does not accrue and repayment is not required.
- (hj) "Loan forgiveness" ~~means~~ ~~T~~the partial or complete cancellation of a graduate nursing loan, as described ~~elsewhere~~ in these rules.
- (ik) "Part-time enrollment" : ~~means a student enrolling~~ Enrollment in fewer credit hours per term than the number necessary to be considered a full-time student, as defined by the eligible postsecondary institution.
- (jl) "Program Administrator" : ~~means~~ ~~T~~the TSAC staff member ~~of the Corporation who has been~~ assigned administrative responsibility for the graduate nursing loan forgiveness program by the ~~Corporation's Associate~~ Executive Director ~~for Grant and Scholarship Programs~~.
- (km) "Regional Accrediting Association" : ~~means~~ ~~A~~approved accrediting agencies ~~as follows including~~ the Middle States Association of Colleges and Schools, the New England Association of Schools and Colleges, ~~the~~ the North Central Association of Colleges and Schools, the Northwestern Association of Schools and Colleges, the Southern Association of College and Schools, and the Western Association of Schools and Colleges.
- (ln) "Satisfactory Academic Progress" : ~~means~~ ~~A~~ standard of progress toward completion of the eligible academic program during which the student meets minimum academic requirements and progresses towards a degree as required by the nursing education program at the eligible postsecondary institution attended.
- (mo) TSAC: Tennessee Student Assistance Corporation.
- (mp) "Year of continuous full-time employment" : ~~means~~ ~~Nine~~ (9) to ~~twelve~~ (12) months of

(Rule 1640-01-03-.02, Continued)

continuous employment considered by the employer to be full-time.

- (~~aq~~) "Year of continuous part-time employment" : ~~means~~ ~~Nine (9)~~ to ~~twelve (12)~~ months of continuous employment considered by the employer to be at least half-time but less than full-time.
- (~~or~~) "Priority Date" : ~~means~~ March 1 ~~prior~~ ~~preceding~~ ~~to~~ the intended academic year of attendance, or such other date as ~~the Corporation~~ ~~TSAC~~ may require.

Authority: T.C.A. § 49-4-201, 49-4-204, and 49-4-7022006 ~~Tenn. Pub. Acts Ch. 882~~. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Repeal and new rule filed as a Public necessity rule on December 11, 2006; effective through May 25, 2007. Original rule filed December 11, 2006; effective April 30, 2007.

1640-01-03-.03 ELIGIBILITY.

- (1) ~~In order~~ ~~To~~ to receive a graduate nursing loan a student must **meet the following criteria:**
- (a) ~~B~~**b**e a citizen of the United States; and
 - (b) ~~B~~**b**e a resident of Tennessee, as defined by regulations promulgated by the Tennessee Board of Regents for the state university and community college system, under the authority of T.C.A. § 49-8-104 where applicable; and
 - (c) ~~H~~**h**old an unencumbered Tennessee Registered Nurse License; and
 - (d) ~~B~~**b**e enrolled either part-time or full-time in an eligible academic program at an eligible postsecondary institution; and
 - (e) ~~P~~**p**rovide written evidence of the student's intention to become employed full-time or part-time in a Tennessee nursing education program in a teaching or administrative capacity; and
 - (f) ~~M~~**m**aintain satisfactory academic progress; and
 - ~~(g) — not be in default on a federal Title IV educational loan or a Tennessee educational loan; and~~
 - (~~hg~~) ~~N~~**n**ot owe a refund or repayment on any grant, and not be in default on any loan received at any postsecondary institution, under the provision of ~~en a federal~~ Title IV of the Higher Education Act of 1965, as amended, ~~student financial aid program~~ or a Tennessee student financial aid program; and
 - (~~ih~~) ~~S~~**s**ign a promissory note before receiving any funds; and
 - (i) ~~A~~**a**gree to inform TSAC in writing when any change occurs in name, address, or school enrollment, and provide supporting documentation. After completing the program, the recipient shall continue to notify TSAC of any change in name or address, and when he or she has obtained a teaching or administrative position, changed teaching or administrative positions, or terminated teaching or administrative positions.
- (2) Eligibility is limited to four (4) years of full-time enrollment, or the equivalent part-time enrollment, with one (1) year of full-time enrollment equaling two (2) years of part-time enrollment.

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

- (3) In certain circumstances, a student may receive more than one graduate nursing loan. A borrower who received a (first) graduate nursing loan while earning a master's degree may apply for a (second) graduate nursing loan in a post-master's program. If the application for the second loan is successful, repayment of the first loan is deferred until the recipient enters repayment on the second loan, at which time repayment of both loans is expected. A borrower who is employed while receiving a second graduate nursing loan may apply that employment towards cancellation of the first graduate nursing loan provided that the cancellation requirements described elsewhere in these rules are met.
- (4) Eligibility is subject to the availability of funds.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-7022006-Tenn. Pub. Acts Ch. 882. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Amendment filed March 18, 1977; effective April 18, 1977. Amendment filed July 17, 1991; effective October 29, 1991. Repeal and new rule filed as a Public necessity rule on December 11, 2006; effective through May 25, 2007. Original rule filed December 11, 2006; effective April 30, 2007.

1640-01-03-.04 AWARD AMOUNT.

- (1) The maximum amount of the graduate nursing loan shall be seven thousand dollars (\$7,000) per year during periods of full-time enrollment and three thousand five hundred dollars (\$3,500) per year during periods of part-time enrollment, or such other amounts as may be established by ~~the Corporation~~TSAC, and shall in no ~~case~~-instance exceed the student's cost of attendance. Awards are divided equally in disbursements of two (2) semesters or ~~three~~ (3) quarters payments.
- (2) ~~The Corporation~~TSAC shall disburse the graduate nursing loan funds directly to eligible postsecondary institutions, which shall in turn credit the borrower's account or disburse funds to the eligible borrower with one (1) credit or payment at the beginning of each academic term attended.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-7022006-Tenn. Pub. Acts Ch. 882. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Repeal and new rule filed as a Public necessity rule on December 11, 2006; effective through May 25, 2007. Original rule filed December 11, 2006; effective April 30, 2007.

1640-01-03-.05 APPLICATION PROCESS.

- (1) The student must apply to ~~the Corporation~~TSAC for the graduate nursing loan by the established priority application date as required by ~~the Corporation~~TSAC.
- (2) First priority shall be given to renewal ~~applications~~-applicants received by the priority application date.
- (3) Second priority shall be given to applicants who provide ~~satisfactory~~ evidence ~~satisfactory~~-to ~~the Corporation~~TSAC that they expect to enter a full-time teaching position in a Tennessee nursing education program immediately upon completion of their master's or post-master's degree program and who apply by the priority application date.
- (4) Third priority shall be given to applicants who provide ~~satisfactory~~ evidence ~~satisfactory~~-to ~~the Corporation~~TSAC that they expect to enter a part-time teaching position in a Tennessee nursing education program immediately upon completion of their master's or post-master's degree program and who apply by the priority application date.
- (5) Fourth priority will be given to applicants who provide ~~satisfactory~~ evidence ~~satisfactory~~-to

(Rule 1640-01-03-.05, Continued)

- ~~the Corporation~~TSAC that they expect to enter a full-time administrative position in a Tennessee nursing education program immediately upon completion of their master's or post-master's degree program and who apply by the priority application date.
- (6) Fifth priority will be given to applicants who provide **satisfactory** evidence ~~satisfactory to the Corporation~~TSAC that they expect to enter a part-time administrative position in a Tennessee nursing education program immediately upon completion of their master's or post-master's degree program and who apply by the priority application date.
 - (7) Sixth priority shall be given to applications received after the priority application date. Applications will be awarded based on the date of receipt.
 - (8) Applicants shall be grouped according to the priority assigned to their application. Should available funds be exhausted before all eligible applicants have received an award, applicants in the lowest priority grouping for which funds are available shall be distinguished by the date of receipt of their application by ~~the Corporation~~TSAC and awards shall be made to those applicants with the earliest dates of receipt until all available funds are expended.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-7022006 ~~Tenn. Pub. Acts Ch. 882~~. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Amendment filed March 18, 1977; effective April 18, 1977. Repeal and new rule filed as a Public necessity rule on December 11, 2006; effective through May 25, 2007. Original rule filed December 11, 2006; effective April 30, 2007.

1640-01-03-.06 INTEREST.

- (1) Interest shall accrue at the rate of nine percent (9%) per year or such other rate as shall be established by ~~the Corporation~~TSAC, starting at the end of the grace period. All interest shall be based upon the unpaid balance of the loan. The accrued interest may be capitalized.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-7022006 ~~Tenn. Pub. Acts Ch. 882~~. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Repeal and new rule filed as a Public necessity rule on December 11, 2006; effective through May 25, 2007. Original rule filed December 11, 2006; effective April 30, 2007.

1640-01-03-.07 REPAYMENT.

- (1) The graduate nursing loan must be repaid unless cancelled as described elsewhere in these rules. Repayment will include the full amount of the graduate nursing loan received plus **accrued** interest.
- (2) Repayment shall begin at the end of the grace period, **upon demand by TSAC**, and shall be in monthly installments over a period of no more than eight (8) years, provided that payments must be a minimum of one hundred dollars (\$100) per month.
- (3) The graduate nursing loan **and accrued interest** may be prepaid in whole or part at any time without penalty.
- (4) If the borrower of a graduate nursing loan is determined to have received the award based on inaccurate application information, the full amount of the loan and accrued interest shall become due immediately.
- (5) If the borrower fails to complete an enrollment period for any reason, the postsecondary institution must determine if any of the graduate nursing loans should be returned to ~~the Corporation~~TSAC. The postsecondary institution should use its own institutional refund policy to calculate the refund amount. If the student withdraws after the refund period is

(Rule 1640-01-03-.07, Continued)

over, the postsecondary institution must follow the Return of Title IV guidelines, if applicable, to calculate any return of the graduate nursing loan.

- (6) If a borrower issues a check, draft, warrant, or electronic funds transfer, which is subsequently returned to ~~the Corporation~~TSAC due to for reason of insufficient funds, a stop payment order by the issuer, or any other reason, the payment to which these funds was applied shall be reversed on the borrower's account and interest shall continue to accrue from the date of the last valid payment. Additionally, ~~the Corporation~~TSAC may charge a reasonable service fee for such a transaction.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-7022006-Tenn. Pub. Acts Ch. 882. **Administrative**

History: Original rule filed January 23, 1976; effective April 15, 1976. Amendment filed March 18, 1977; effective April 18, 1977. Repeal and new rule filed as a Public necessity rule on December 11, 2006; effective through May 25, 2007. Original rule filed December 11, 2006; effective April 30, 2007.

1640-01-03-.08 DEFERMENT.

- (1) Repayment shall be deferred, but interest shall continue to accrue, while the ~~borrower~~ recipient is employed in a Tennessee nursing education program in a teaching or administrative capacity.
- (2) Repayment shall be deferred, but interest shall continue to accrue, while the student is seeking the post-master's degree after first receiving the loan to obtain their master's degree.
- (3) Repayment shall be deferred if the recipient is unable to make payments due to financial, medical, or personal circumstances beyond the recipient's control, or other extenuating circumstances approved by the Associate Executive Director for Grant and Scholarship Programs. Such period of hardship shall not exceed two (2) years.
- (3) ~~In order~~ For repayment to be deferred, ~~borrowers~~ recipients shall provide employment verification as required by ~~the Corporation~~TSAC.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-7022006-Tenn. Pub. Acts Ch. 882. **Administrative**

History: Original rule filed January 23, 1976; effective April 15, 1976. Amendment filed March 18, 1977; effective April 18, 1977. Repeal and new rule filed as a Public necessity rule on December 11, 2006; effective through May 25, 2007. Original rule filed December 11, 2006; effective April 30, 2007.

1640-01-03-.09 CANCELLATION/FORGIVENESS.

- (1) For each year of continuous full-time employment in a Tennessee nursing education program in a teaching or administrative capacity, the borrower shall receive a credit of twenty-five percent (25%) of the amount borrowed, plus accrued interest on that portion of the debt cancelled. Cancellation credit will be applied at the end of each year and upon receipt of verification of such service.
- (2) For each year of continuous part-time employment in a Tennessee nursing education program in a teaching or administrative capacity, the borrower shall receive a credit of twelve and one-half percent (12.5%) of the amount borrowed, plus accrued interest on that portion of the debt cancelled.
- (3) ~~In order~~ To receive cancellation credit, the borrower shall provide employment verification as required ~~by the Corporation~~TSAC.
- (4) Cancellation credit shall not begin until the borrower completes the program of study for which the graduate nursing loan was provided.

(Rule 1640-01-03-.10, Continued)

- (5) The debt shall be cancelled on the basis of conclusive evidence that the borrower has died or has been totally and permanently disabled and cannot perform the teaching obligation outlined in the regulations. The borrower is not considered totally and permanently disabled on the basis of a condition that existed prior to the loan application. If, at any time subsequent to an initial determination of disability, the borrower's condition improves to the point where a total and permanent disability no longer exists, ~~the Corporation~~TSAC may reinstate any outstanding debt previously cancelled.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-702~~2006 Tenn. Pub. Acts Ch. 882.~~

Administrative History: Original rule filed as a Public necessity rule on December 11, 2006; effective through May 25, 2007. Original rule filed December 11, 2006; effective April 30, 2007.

1640-01-03-.10 COLLECTIONS.

- (1) Due diligence requirements shall consist of the following:
 - (a) Provide the recipient with a signed copy of the promissory note.
 - (b) Notify the recipient of the repayment requirements during the grace period.
 - (c) Notify the recipient of repayment requirements during an approved period of deferment.
 - (d) Attempt to contact the recipient on no less than three separate occasions during the two hundred and seventy (270) day period in which no payments are received, beginning with the thirtieth (30th) day of delinquency and subsequent contacts no less than ninety (90) days apart.
- (2) TSAC's collection activity will begin when the recipient is no longer honoring the repayment obligation. TSAC will exercise due diligence to contact the student to resolve the delinquency.
- (3) TSAC will consider a recipient to be delinquent if the recipient fails to make an installment payment within thirty (30) days of the due date. Upon delinquency, TSAC will attempt to contact the recipient to give notice of the delinquency, inform the recipient of the consequences of default, and encourage the recipient to make payments as provided under the promissory note.
- (4) TSAC will consider a recipient to be in default if the recipient fails make a payment for a period of two hundred seventy (270) consecutive days.
- (5) Once the recipient is in default, TSAC may take one or more of the following actions:
 - (a) Assign the defaulted loan(s) to a collection agency.
 1. Collection costs may be added to the defaulted loan at a rate not to exceed twenty (20%) of the original principal balance. Payments on the combined principal, interest, and collection costs shall not exceed an amount determined to be reasonable and affordable
 - (b) Report to credit bureaus the default status of each loan.
 - (c) Make the student ineligible for state student aid programs.
 - (d) Submit an order of suspension, denial, or revocation to the appropriate licensing board for any Tennessee-issued professional license held by the recipient.

(Rule 1640-01-03-.10, Continued)

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-702. **Administrative History:**

1640-01-03-.101 LEAVE OF ABSENCE.

- (1) Unless a leave of absence is granted, terms of enrollment must be continuous (other than the summer term), and a period of non-attendance (other than the summer term) will cause a recipient to enter repayment with no opportunity to regain eligibility.
- (2) A student may be granted medical or personal leave of absence from attendance at an eligible postsecondary institution and resume receiving the nursing loan upon resumption of the student's attendance at an eligible postsecondary institution so long as all other applicable eligibility criteria are met. 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, a military obligation of the student or family member, an obligation to fulfill a religious commitment expected of all individuals of that faith, or other extraordinary circumstances beyond the student's control where continued 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 seek relief from the decision in accordance with Rule 1640-01-03-.142.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-702 ~~2006 Tenn. Pub. Acts Ch. 882.~~
Administrative History: Original rule filed as a Public necessity rule on December 11, 2006; effective through May 25, 2007. Original rule filed December 11, 2006; effective April 30, 2007.

1640-01-03-.142 APPEALS PROCEDURE.

- (1) ~~Generally, the ruling of the Corporation's program administrator shall apply.~~ TSAC shall provide written notice to a student of an adverse decision relative to a student's application for an award or request for a leave of absence. A student who disagrees with such decision and wants the decision reviewed must request a review of the decision in writing. The student's request for review must be received by TSAC within ten (10) business days of the date of the written notice provided by TSAC. Such request shall include a statement of the reason or reasons for the request for review and all information supporting the student's position regarding the decision.
- (2) ~~An individual who believes that the ruling of the program administrator was not in accordance with the published regulations and the Act may appeal to the authority of the Corporation's Appeals Panel for relief.~~ Review of the TSAC decision shall be made by the TSAC Associate Executive Director for Grant and Scholarship Program, who shall issue a written decision to the student. A student who disagrees with such decision and wants the decision reviewed must request a further review of that decision in writing. The student's request for review must be received by TSAC within ten (10) business days of the date of the decision. Such request shall include a statement of the reason or reasons for request for review and all relevant supporting information.
- (3) ~~An individual who believes that the ruling of the Corporation's Appeal Panel was not in accordance with the published regulations and the Act may appeal to the authority of the Corporation's Board of Directors Appeal Committee. This is the final administrative appeal.~~ Review of the decision of the TSAC Associate Executive Director for Grant and Scholarship Programs shall be made by the TSAC Executive Director, who shall issue a written decision to the student. A student who disagrees with such decision and wants the decision reviewed must request a further review of that decision in writing. The student's request for review must be received by TSAC within ten (10) business days of the date of the

(Rule 1640-01-03-.12, Continued)

decision. Such request shall include a statement of the reason or reasons for request for review and all relevant supporting information.

- (4) Review of the decision of the TSAC Executive Director shall be made by the TSAC Appeals Committee, who shall issue a written decision to the student. The decision of the TSAC Appeals Committee is the final administrative remedy. There shall be no right to judicial review of a decision of the TSAC Appeals Committee.

Authority: T.C.A. §§ 49-4-201, ~~and 49-4-204~~, and ~~49-4-702~~2006 ~~Tenn. Pub. Acts Ch. 882~~.

Administrative History: Original rule filed as a Public necessity rule on December 11, 2006: effective through May 25, 2007. Original rule filed December 11, 2006: effective April 30, 2007.

Tennessee Student Assistance Corporation

Thursday March 15, 2012

DECISION ITEM G: Proposed Rule Changes
Tennessee Student Assistance Program

Staff Recommendation: (1) That the Tennessee Assistance Student Corporation adopts Rule 1640-1-1 as proposed rules (Tennessee Student Assistance Award).

(2) That 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.

Background: Changes to the rules include removing the deadline to transfer an award, requiring Tennessee residency as defined by the Tennessee Board of Regents, and removing a requirement that each student have a statement on file with the institution that funds will be used for expenses related to attendance.

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

Supporting Document: *Draft Rules of the Tennessee Student Assistance Corporation, Chapter 1640-1-1, Tennessee Student Assistance Award, March 15, 2012.*

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

TABLE OF CONTENTS

1640-01-01-.01	Definitions	1640-01-01-.04	Reports and Record Access
1640-01-01-.02	Student Eligibility-Award Use	1640-01-01-.05	Standards for Institutional Review and Error Resolution
1640-01-01-.03	Financial Need		

1640-01-01-.01 DEFINITIONS.

- (1) Academic Term: A semester, trimester, quarter, or 300 clock hours of training.
- (2) Academic Year: A period of time, typically eight or nine months, in which a full-time student is expected to complete the equivalent of two semesters, two trimesters, or three quarters at an eligible postsecondary institution using credit hours, or at least 900 clock hours of training for a program using clock hours. A clock hour is a 50 to 60 minute class, lecture, recitation, or a faculty supervised laboratory, shop training, or internship.
- (3) Application: The Free Application for Federal Student Aid (FAFSA).
- (4) Contribution Index: The Expected Family Contribution (EFC), which is a measure of parental and/or student ability to contribute toward payment of educational expenses.
- ~~(5) Corporation: The Tennessee Student Assistance Corporation (TSAC).~~
- (65) Eligible Postsecondary Institution: Those institutions which are entitled to enroll student assistance award recipients as provided in T.C.A. § 49-4-301.
- ~~(76)~~ Financially Independent Student: A person who meets the conditions established by the U.S. Department of Education as used in the administration of student assistance programs authorized by the Higher Education Act of 1965, as amended.
- ~~(87)~~ Incarcerated: Currently confined to a local, state, or federal correctional institution, which would include work release or educational release facilities.
- (98) Institution of Higher Education: A public or non-profit educational institution in Tennessee ~~which that~~:
 - (a) ~~A~~admits as regular students only persons who have a high school diploma, the recognized equivalent of a high school diploma, or are beyond the age of compulsory school attendance in Tennessee and who have the ability to benefit from the training offered;
 - (b) ~~i~~is legally authorized to provide an educational program beyond secondary education in Tennessee; and
 - (c) ~~P~~rovides an educational program for which it awards an associate or baccalaureate degree, or provides at least a two-year program which is acceptable for full credit toward a baccalaureate degree, or provides at least a one-year training program which leads to a certificate or degree and prepares students for gainful employment in a recognized occupation.

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

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

- (409) Nonprofit Institution of Higher Education: An institution of higher education owned and operated by one or more nonprofit corporations or associations whose net earnings do not benefit, and cannot lawfully benefit any private shareholder or entity.
- (140) Pell Grant Program: The program of federal student assistance authorized by Part A, Title IV, Higher Education Act of 1965, as amended.
- (11) **Tennessee Student Assistance Corporation.**
- (12) Undergraduate student: Those persons enrolled in an eligible postsecondary institution as defined in T.C.A. § 49-4-301 and who have not received a baccalaureate degree.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-301. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Repeal and new rule filed July 6, 1976; effective August 5, 1976. Amendment filed October 31, 1980; effective January 28, 1981. Amendment filed July 30, 1982; effective October 13, 1982. Amendment filed October 20, 1982; effective January 14, 1983. Amendment filed October 21, 1987; effective January 27, 1988. Amendment filed February 9, 1990; effective May 29, 1990. Amendment filed July 12, 1990; effective October 29, 1990. Amendment filed March 5, 1992; effective June 29, 1992. Amendment filed September 3, 1992; effective December 29, 1992. Amendment filed April 28, 1993; effective July 28, 1993. Amendment filed May 27, 1999; effective September 28, 1999. Amendment filed June 30, 2000; effective October 28, 2000.

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

- (1) A person shall be eligible for a student assistance award upon submission of an application and when TSAC determines:
 - (a) ~~He or she~~The applicant is a resident of Tennessee, as defined by regulations promulgated by the Tennessee Board of Regents.
 - (b) ~~He or she~~The applicant has financial need.
 - (c) ~~He or she~~The applicant is enrolled or intends to enroll in an eligible postsecondary institution as an undergraduate student on at least a half-time basis as established by federal financial aid minima.
 - (d) ~~He or she~~The applicant has applied for a Federal Pell Grant under Title IV-A-1 of the Higher Education Act of 1965, as amended, and has been assigned an Expected Family Contribution (EFC) by the U.S. Department of Education or its contractor, and has that EFC on file at the postsecondary institution to be attended.
 - (e) If previously enrolled in the eligible postsecondary institution, that ~~he or she~~the applicant remains in good standing and is making satisfactory progress according to the standards and practices of the institution.

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

- (f) ~~He or she~~The applicant does not owe a refund or repayment on any grant, and is not in default on any loan, received at any institution under provisions of Title IV of the Higher Education Act of 1965, as amended.
- (g) ~~He or she~~The applicant is not incarcerated as defined in rule 1640-01-01-.01(087).
- (2) Award recipients must use student assistance awards for educationally related expenses. A recipient to whom credit has been extended during the enrollment process should give first priority to the liquidation of that obligation before using the proceeds of the awards to defray other educational expenses. All state financial aid granted to students shall be first applied to tuition and fees, room and board, and the excess, if any, shall be distributed to the recipient according to Title IV of the Higher Education Act of 1965, as amended.
- (3) Enrolled award recipients who withdraw prior to or after certification of enrollment, but prior to the completion of the term will have a portion of the award paid in accordance with the institution's published refund policies.
- (4) Award recipients who desire to transfer their student assistance award from one eligible postsecondary institution to another must make a request in writing to TSAC or transmit the information by updating their FAFSA. ~~If funds are available, requests for transfers will be approved if received by TSAC on or before September 1 for the Fall Quarter or Fall Semester, on or before December 1 for the Winter Quarter or Spring Semester, and on or before March 1 for the Spring Quarter. The Executive Director may extend the deadline if written verification of late enrollment acceptance or unusual circumstances is received from the postsecondary institution.~~
- (5) Award recipients may receive awards to a maximum for:
- ~~Aa~~ four-year program, up to 8 semesters or 12 quarters;
 - ~~Aa~~ three-year program, up to 6 semesters or 9 quarters;
 - ~~Aa~~ two-year program, up to 4 semesters or 6 quarters;
 - ~~Aa~~ one-year program, up to 2 semesters or 3 quarters; and
 - ~~Aa~~ six-month program, up to 1 semester or 2 quarters or until completion of the program of study, whichever comes first, assuming all other eligibility requirements are met.

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

1640-01-01-.03 FINANCIAL NEED.

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

- (1) The parents' or students' ability to contribute to educational expenses shall be measured using the same guidelines as those used in determining eligibility for assistance under the Federal Pell Grant Program, as those guidelines may ~~from time to time~~ be changed or amended.
- (2) The maximum award paid each year shall be based on available funds and shall be determined by the TSAC Board of Directors. TSAC shall develop and publish the payment table annually.
- (3) ~~Should anticipated funding be insufficient to serve the expected number of eligible applicants,~~ TSAC will establish a maximum contribution index level based on anticipated appropriations. Students with a contribution index equal to or less than the maximum amount will receive award commitments on a first-come, first-served basis until appropriated funds are exhausted.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-301. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Repeal and new rule filed July 6, 1976; effective August 5, 1976. Amendment filed January 9, 1979; effective February 23, 1979. Amendment filed December 27, 1979; effective March 30, 1980. Amendment filed October 31, 1980; effective January 28, 1981. Amendment filed November 30, 1981; effective March 1, 1982. Amendment filed October 20, 1982; effective January 14, 1983. Amendment filed July 10, 1984; effective October 14, 1984. Amendment filed May 7, 1991; effective August 28, 1991.

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

- (1) Postsecondary institutions enrolling student assistance award recipients shall ~~report-certify~~ and ~~certify-report~~ the following information to TSAC before payments of assistance are made:
 - (a) ~~Whether or not~~That the student is or was enrolled for the appropriate academic term for half-time, three-fourths, or full-time enrollment.
 - (b) ~~Whether or not~~That the student is in good standing and making satisfactory progress according to the standards and practices of the institution, under provisions of Title IV of the Higher Education Act of 1965, as amended.
 - (c) ~~Whether or not~~That the student ~~does not~~ owes a refund on any grant or is ~~not~~ in default on any loan received at any institution under provisions of Title IV of the Higher Education Act of 1965, as amended.
 - (d) ~~The~~ Student's current Expected Family Contribution.
 - (e) ~~Whether or not~~That the student's total resources which when combined with payments by TSAC will ~~not~~ result in the student receiving funds in excess of his or her cost of education as determined by criteria employed by the institution in administration of other programs of student financial assistance authorized by Title IV of the Higher Education Act of 1965, as amended.
 - ~~(f) — That the student has on file with the institution, a statement that the money attributable to the grant or other Title IV programs will be used solely for expenses related to attendance or continued attendance at the institution.~~
 - (gf) That the student has on file with the institution a Statement of Registration Compliance for periods of instruction beginning on or after July 1, 1983 certifying that he or she is registered with Selective Service or that he or she is not required to be registered.

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

- (hg) That the student has on file with the institution a statement for the periods of instruction beginning on or after July 1, 1989 certifying that he or she is in compliance with the Anti-Drug Abuse Act.
- (2) Postsecondary institutions enrolling student assistance award recipients shall furnish such reports as may be required by TSAC concerning the recipients and shall, during regular office hours, make institutional records available to TSAC concerning the recipients and shall, during regular office hours, make institutional records available to TSAC staff for the purpose of validating any information which affects the recipients' eligibility or the amount of assistance they would receive.
- (3) The confidential relationship of the student shall not be violated. Student files shall be utilized only by the TSAC staff. Confidential information will not be released without written approval from the applicant ~~and/or parents~~. Statistical data may be released provided such reports do not identify individuals. Outside research projects may utilize reported statistical information, other requests will require approval by the TSAC ~~B~~board of ~~D~~irectors; and should such requests require special computer programming, care shall be taken to protect the student's confidentiality and any expense generated by special requests shall be paid by the outside research project, provided ~~r~~; however, student records shall be accessible to the Comptroller of the Treasury for audit purposes.
- (4) Persons applying for awards of student assistance shall be required to furnish to TSAC or the postsecondary institution such data as is necessary to validate the information on their application. An applicant's social security number shall be furnished in all cases and is required for identity of the applicant and as an account number in order to record necessary data accurately.
- (5) A student assistance award recipient who is discovered to have willingly provided false reports or information to TSAC or the postsecondary institution shall, upon evidence, have the award revoked and shall not thereafter be entitled to further payment of benefits.

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

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

- (1) TSAC shall conduct periodic program reviews to evaluate the general operation of the financial aid office relative to the institution's management of the Tennessee Student Assistance Award Program:
- (a) The Chief Executive Officer of the institution typically will be notified of the visit two to three weeks in advance; the exact date for the visit usually will be scheduled with the Director of Financial Aid. Extenuating circumstances such as a request from the U.S. Department of Education or the school's regulatory board may preclude TSAC from scheduling the review in advance.
- (b) At the conclusion of the visit, the reviewer shall meet with the Chief Executive Officer, or his or her representative(s), and the Director of Financial Aid to discuss the

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

preliminary findings and recommendations resulting from the visit.

- (c) Following the exit interview, a preliminary report shall be sent to the Chief Executive Officer of the institution requesting a response within thirty (30) days. One extension of up to thirty (30) days may be requested in writing by the institution.
 - (d) The final report of findings incorporating the institution's response shall be transmitted to the institution's Chief Executive Officer within thirty (30) days of receipt of the institution's response or within thirty (30) days of the date the response should have been received. The final report shall, when necessary, request restitution and/or corrective action.
- (2) TSAC shall resolve disputes related to the final report of an institution's Program Review **as noted below**:
- (a) The institution shall be allowed an additional thirty (30) day period to request a hearing and/or to provide additional documentation for review by ~~the~~TSAC's Executive Director.
 - 1. If the Executive Director's review of the additional documentation does not resolve the dispute, the institution may request a hearing within thirty (30) days of the Executive Director's decision.
 - 2. If a hearing is requested, such hearing shall be requested in writing and sent to the Executive Director. The hearing shall be conducted in accordance with Chapter 1360-04-01, Uniform Rules of Procedure for Hearing Contested Cases Before State Administrative Agencies, Rules of Secretary of State, by the Tennessee Student Assistance Corporation Appeals Committee. Such Appeals Committee, composed of five (5) members of the Tennessee Student Assistance Corporation Board of Directors, appointed annually by the Chairman, shall within a reasonable period of time, set a date for the hearing. The Appeals Committee shall, in consultation with U.S. Department of Education officials, when necessary, render a decision within thirty (30) days of the hearing.
 - (b) Final resolution, which may include financial restitution and/or a plan for corrective action to prevent recurrence, must be made within thirty (30) days of the Appeals Committee's decision.
 - (c) Should the institution fail to respond within forty-five (45) days of the final report or to take corrective action or to make restitution within thirty (30) days after the decision from the Appeals Committee hearing, TSAC shall begin proceedings to suspend the institution from participation in TSAC programs for sixty (60) days. This suspension will be effective twenty (20) days from receipt by the school of TSAC's notification of suspension. Notification of suspension, along with copies of all findings and responses, will be sent to the U.S. Department of Education.
 - (d) Should the school fail to take corrective action or to make restitution within forty-five (45) days of the suspension, TSAC shall terminate the institution by informing the institution that within twenty (20) days from receipt of notification, the institution is terminated from all TSAC programs.
 - (e) If an institution is suspended or terminated during a term, all enrolled students attending that institution who received Tennessee Student Assistance Award Program award letters or on whose behalf TSAC endorsed an educational loan before the effective date of the suspension or termination will be paid:

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

- (1) ~~F~~or that term, as in the case of a grant, or
 - (2) ~~F~~or “the period of the loan,” as in the case of an educational loan.
- (f) Reinstatement of eligibility may be requested of the Tennessee Student Assistance Corporation Board after a period of one (1) year after date of termination, but only if the institution is eligible for other Title IV programs.

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

Tennessee Student Assistance Corporation

Thursday, March 15, 2012

Discussion Item A: Federal Family Education Loan Program (FFELP) Update

Staff Recommendation: For discussion only

Loan Summary

As of January 1, 2012, TSAC's portfolio included over 600,000 loans with an estimated value of \$3.6 billion.

Work in Progress

TSAC's Loan Division will have a Federal Information Security Management Act (FISMA) readiness review during the week of March 12th-15th. An experienced FISMA compliance consultant will be advising and assisting us in preparing for the upcoming review by the U.S. Department of Education within the next couple of months.

Two new NGS staff will be assigned to assist the Loan Division in providing services for borrowers, schools, and lenders. Additionally, a third NGS staff member will be assigned to assist TSAC in loan analysis and to test changes and updates to the servicing system. This is part of an on-going effort to work with NGS to improve the processes that they perform under.

Loan Staff Monitoring of Servicer Activities

An Access database has been developed to improve the accuracy and efficiency of all TSAC loan processes. Additionally, NGS has been asked to run a complete self-analysis of its loan services. Their reports will be carefully reviewed by TSAC and necessary improvements and enhancements will then be put in place. A partial list of these activities includes:

- Claims processing (Default, Bankruptcy, TPD, etc.)
- Rehabilitation
- Default Aversion
- Collection Cost sampling
- Subrogation
- Payment verification
- NSLDS reporting
- License Revocation
- Legislative and Ombudsman enquiries

School Triage and Default Management Assistance

The TSAC Loan Division is working with Tennessee public postsecondary institutions to provide assistance during peak processing times or periods of reduced staffing. A comprehensive Default Management process is also being developed to assist borrowers and schools in the reduction of defaults in Tennessee.

License Revocation Payment Processing

TSAC has worked closely with NGS and the collection agencies to better monitor these accounts. In the future, payments will be directed to the collection agencies, and the agencies will provide specific, regular updates back to TSAC, so that the information can be downloaded directly into the Access database. The agencies will be responsible for assuring that regular payments are maintained and for keeping TSAC apprised of the borrower's status.

Voluntary Flexible Agreement (VFA) and School Servicing Update

The Loan Division submitted two VFA proposals to the U.S. Department of Education: one in conjunction with eleven other guaranty agencies, and the other as a stand-alone proposal. The USDOE did not accept the first round of VFAs and has provided little clarification on what they would approve. TSAC has not submitted a revised RFP and will continue to operate under the current pricing and regulation structure.

Tennessee Student Assistance Corporation

Thursday, March 15, 2012

DISCUSSION ITEM B: Grant and Scholarship Programs Status Report

Staff Recommendation: For discussion only.

Background

For the 2012-2013 academic year, Tennessee Student Assistance Awards have been offered to students who completed the FAFSA by February 1st. This is the earliest date TSAC has completed awarding the grant. The total amount awarded does not include the \$3.4 million increase recommended in the Governor's Budget.

For the current 2011-2012 academic year, TSAC anticipates disbursing approximately \$55 million in TSAA funding to an estimated 31,000 students. Year-to-date, approximately 130,000 eligible students have applied for TSAA beyond funding availability.

For the 2011-2012 academic year, Tennessee Education Lottery Scholarship expenditures are estimated at \$340 million. We will continue to monitor expenditures and, if needed, provide an updated number to the Funding Board at the April meeting.

Current 2011-2012 data for the Merit and Loan Forgiveness Programs indicate TSAC will make just over 1,000 awards totaling just under \$3 million.

Tennessee Student Assistance Corporation

Thursday March 15, 2012

DISCUSSION ITEM C: 2012 General Assembly Legislative Report

Staff Recommendation: For discussion only.

Background: The second session of the 107th General Assembly has produced approximately 20 bills pertaining to the Tennessee Education Lottery Scholarship (TELS) Program and other student financial aid issues.

A brief summary of the significant bills now pending with the General Assembly is provided in the pages that follow.

Supporting Document: *Summary of Legislation Pending with the 107th General Assembly (2012) Relative to Postsecondary Education Student Financial Aid, March 2012.*

**Summary of Legislation Pending with the 107th General Assembly (2012)
Relative to Postsecondary Education Student Financial Aid**

- SB 2162** Allows a student who has completed an associates degree
HB 2944 while receiving a Tennessee HOPE scholarship to be eligible
for a Wilder-Naifeh.
- SB 2454** Allows use of credits earned in summer 2011 to apply to
HB 2318 lottery scholarship.
- SB 2187** Changes lottery scholarship terminating event from
HB 2579 maximum number of hours to maximum number of
semesters.
- SB 2514** Revises initial academic requirements for eligibility and the
HB 2649 amount of the HOPE award beginning with students
entering college in 2015-2016; recommends use of net
lottery proceeds for TSAA grants for 10 years beginning
with 2015-2016.
- SB 2515** Requires the general shortfall lottery subaccount to be
HB 2650 maintained at \$100 million instead of at \$50 million;
requires comptroller to make an annual report on the
adequacy of reserves.
- SB 2570** Broadens eligibility for the HOPE by removing requirement
HB 2743 that a military parent's home of record or residence is
Tennessee if a student qualifies to be classified as an in-
state student and meets other specified requirements
- SB 2687** Requires TSAC to develop a short application for lottery
HB 3332 scholarships that are not restricted by income.
- SB 2032** Requires THEC to create common application and common
HB 1966 financial aid application to be used by all higher education
institutions within TBR and UT by the 2012-2013 academic
year.
- SB 3170** Permits an independent postsecondary institution that was
HB 3622 an eligible institution for lottery scholarship, but became
ineligible because of a change in definition, to remain in
eligible status so long as it is accredited by SACS.

- SB 2919**
HB 3114 Establishes means by which students with documented disabilities who do not meet high school academic qualifications for a HOPE scholarship can attend college, meet college academic requirements and receive the scholarship.
- SB 3599**
HB 3816 Changes the definition of "home school student" for purposes of the HOPE scholarship to require a student be home schooled the last year of high school instead of the last two years. (same as SB 3541/HB 3249).
- SB 3666**
HB 2164 Directs the commissioner of Revenue to reduce the state sales tax rate on food if there is a surplus of state revenue collected above budgeted estimates in a fiscal year; reserves one-half of such surplus for additional Tennessee Student Assistance Awards.
- SB 2579**
HB 2653 Classifies schools teaching high school courses in grades 7 or 8 as secondary schools (would increase the number of recipients of the federal Teacher Loan Forgiveness program).
- SB 551**
HB 740 Requires licenses issued by the Department of Commerce and Insurance and licenses required to work as athlete agents, attorneys, lobbyists, and K-12 public school teachers to be denied, suspended, or revoked, if student loans are not paid.

Tennessee Student Assistance Corporation

Thursday March 15, 2012

DISCUSSION ITEM D: Proposed Budget Request for 2012-2013

Staff Recommendation For discussion only.

Background

The Governor's recommended 2012-13 budget includes the following changes to the TSAC budget:

- 1) \$3.2 million increase in the base appropriation of the Tennessee Student Assistance Awards (TSAA),
- 2) \$3.4 million recurring improvement to TSAA,
- 3) Funding also has been included in the recommended budget for a state-wide 2.5% salary increase,
- 4) Additionally, budget reductions include an approximate one percent base reduction to TSAC's administrative code (\$11,100) and three vacant positions are being abolished.

Tennessee Student Assistance Corporation

Thursday, March 15, 2012

DISCUSSION ITEM E: **Internal Audit Update**

Staff Recommendation: For discussion only.

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

Supporting Document *Internal Audit Update; March 2012*

Internal Audit Update

State Audit Financial and Compliance Audit Report for TSAC for the fiscal year ended June 30, 2011

The report was released by the Comptroller of the Treasury on February 13, 2012. The TSAC Board was notified of the release. A report is due to the Comptroller of the Treasury and to the Fiscal Review Committee by April 30, 2012 on the implementation of the three findings in the FY11 report.

1. Security over a computer system needs improvement.
Status: Procedures have been put in place between TSAC and the loan servicing contractor to strengthen controls over access to a computer system.
2. The Tennessee Student Assistance Corporation did not comply with a special test and provision regarding a conflict of interest.
Status: This issue relates to the loan servicer contract and the need to eliminate contracting arrangements with both default aversion activities and collection activities. The issue was resolved in January 2012 with the start of a new contract for loan default aversion between TSAC and Student Loan Counseling Service, Inc., a subsidiary of the CBE Group, Inc. Collection activities remain with the current loan servicing contract.
3. Incorrect accounting entries for the Federal Family Education Loan Program resulted in an overstated balance for the Federal Fund and a corresponding understated balance for the Operating Fund.
Status: Research on the averted claims entries was completed in 2011. TSAC transmitted supporting documents and a final request to the USDOE to transfer a total of \$6,684,125.56 from the Federal Fund to the Operating Fund. TSAC is awaiting approval.

THEC/TSAC Audit Committee Meeting December 2, 2011

The meeting was held with all five members present: Claude Pressnell, Chair; Robert White, Sharon Hayes, Sammy Stuard, and Greg Turner. THEC and TSAC staff members also participated. This meeting served as an orientation and working session to discuss items in detail.

The background and responsibilities of the audit committee and the role of the internal auditor were discussed. Staff provided overviews of the THEC and TSAC divisions. Staff reviewed with the committee the draft of the TSAC FY11 financial statements and the work programs for both agencies.

The accounting issue in Finding 3 above related to averted claims in the loan FFELP program was discussed. Below is a summary of the averted claims by year.

FY05	\$2,038,264.81	request being reviewed by USDOE
FY06	2,629,871.94	request being reviewed by USDOE
FY07	2,015,988.81	request being reviewed by USDOE
FY08	2,519,166.25	Approved
FY09	3,782,145.43	Approved
FY10	1,751,007.93	Approved

Action items included the approval of the minutes from the November 18, 2010 Audit Committee meeting. These are attached as an information item.

The state's Financial Integrity Act requires an annual risk assessment to be submitted by December 31st of each year to the Department of Finance and Administration and the Comptroller of the Treasury. The assessment due December 31, 2011 was prepared by management and submitted to the audit committee prior to the meeting for review. At the audit committee meeting, the specifics of the assessment were discussed. The committee voted to approve the assessment.

U.S. Department of Education Information Security Review

The Department will be sending a team of Federal Student Aid (FSA) staff to visit each of the guaranty agencies. The purpose of the visit to TSAC is to perform a high level evaluation of certain operational controls related to its data security environment with a specific focus on protection of Personally Identifiable Information (PII) managed on behalf of FSA. This one-day visit will be held in April 2012.

In relation to the site visit and in preparation for compliance with the Federal Information Security Management Act, TSAC is participating in a self-assessment review with personnel from Nelnet on site this week.

Tennessee Student Assistance Corporation

Thursday, September 29, 2011

DISCUSSION ITEM F: Communications Services Update

Staff Recommendation: For discussion only.

Background: An update will be provided discussing outreach efforts, the call center, THEC's guidance counselor survey response, and use of social media.

Supporting Document: *Communications Services Update;*
September 2011



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 Events |
| * Financial Aid Nights | * Career Fairs |
| * PTO Meetings | * Scholarship Award Presentations |
| * YMCA College Nights | * Leadership Summit |
| * ACT Training Sessions | * Preparing For College |
| * FAFSA Nights | * Middle School Presentation - TN Diploma Project |
| * Focusing on Seniors | * Junior/Underclassmen Presentations |

2011-12 Snapshot of Outreach Statistics

	2011-2012	2010-2011	2009-10	2008-09
College Fairs				
# of college fairs:	200	176	169	122
Attendance:	31,676	24,657	28,961	25,767
Courtesy Visits to Administrators				
# of courtesy visits:	1,084	1,230	1,159	1,104
Administrators reached:	1,700	1,718	2,327	1,655
Financial Aid Presentations				
# of presentations:	350	344	317	310
Attendance:	25,602	25,002	28,114	23,871
FAFSA Nights				
# of presentations:	105	70	n/a	n/a
Attendance:	2,272	1,978	n/a	n/a
Number of Visits				
High Schools:	1,041	928	882	997
Middle Schools:	81	127	177	97
Postsecondary:	274	288	366	307
Other:	343	477	220	135

Breakdown of Outreach Activity

	2011-12	2010-11	2009-10	2008-09
Boys and Girls Clubs	10	7	6	4
Chambers of Commerce	40	41	23	3
Churches	19	6	11	10
Colleges	274	288	366	307
High Schools	1,041	928	882	997
Libraries	125	120	30	31
Middle Schools	81	127	177	97
School District Offices	23	103	34	15
Legislative	6	72	4	1
YMCA	7	17	26	3
Other	113	111	86	68

TSAC Call Center Stats

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Telephone calls received:	44,320	46,757	41,977
Live Chat conversations:	2,606	1, 748	1,499

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

2011 THEC High School Counselor Survey

Question #9: Which of the following outside organizations partner with your school to help students with their college decisions? (Select all that apply)

	Value	Count	Percent %
GEAR Up		35	8.5%
TSAC (Tennessee Student Assistance Corporation)		308	74.4%
Knox Achieves		45	10.9%
Ayers Foundation		7	1.7%
REDI (Regional Economic Development Initiative)		15	3.6%
PEF (Public Education Foundation)		20	4.8%
Niswonger Foundation		34	8.2%
Local College or University		223	53.9%
Other (please specify)		65	15.7%
None of these		43	10.4%
Statistics			
Total Responses		414	

TSAC Social Media Outreach

1. New look to the TSAC website: www.TN.gov/collegepays
2. Social networking daily via Twitter: @TNFinancialAid
3. Social networking daily via
Facebook: <http://www.facebook.com/TnSAC>

Tennessee Student Assistance Corporation

Thursday March 15, 2012

DISCUSSION ITEM G: Conflict of Interest Policy Statement

Staff Recommendation: For discussion only.

Background: Pursuant to Tennessee Code Annotated 12-4-101, members of the TSAC Board of Directors must annually complete a conflict of interest statement.

Supporting Document: *2011-12 Conflict of Interest Statement.*



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**TSAC BOARD OF DIRECTORS
DISCLOSURE STATEMENT**

I, the undersigned member of the Board of Directors for the Tennessee Student Assistance Corporation, in order to assure that any appearance of conflict of interest is avoided, hereby make the following statements and assurances:

1. I, my spouse or dependents are currently the recipient(s) of the following financial aid programs administered by the Tennessee Student Assistance Corporation or have the following loans, currently outstanding, guaranteed by the Tennessee Student Assistance Corporation:

2. I, my spouse or dependents are related, by blood or marriage, to the following employees of the Tennessee Student Assistance Corporation or any official of any corporation, partnership, sole proprietorship, association, institution of higher education or any other entity which does business with the Tennessee Student Assistance Corporation:

3. I, my spouse or dependents are, or have been, employed or professionally affiliated with the following corporations, partnerships, sole proprietorships, associations, institutions of higher education or any other entities which do business with the Tennessee Student Assistance Corporation:

4. I, my spouse or dependents have an ownership interest in the following corporations, partnerships, sole proprietorships, associations, and institutions of higher education or other entities which do business with the Tennessee Student Assistance Corporation:

5. I, my spouse or dependents are related, by blood or marriage, to the following individuals who have an ownership interest as stated in Number 4 above:

6. I, my spouse or dependents have the following additional potential conflicts of interest other than those previously listed:

7. I hereby certify that if, during my tenure on the Board of Directors of the Tennessee Student Assistance Corporation, I, my spouse or dependents become an owner, relative, employee or affiliate as described in Numbers 1-6 above, I shall immediately disclose such information to the Board of Directors of the Tennessee Student Assistance Corporation.

By my signature below, I affirm that all of the above statements are true to the best of my knowledge and belief.

(Signature)

Printed Name

(Date)