



Tennessee Student Assistance Corporation

September 27, 2007
Board of Directors Meeting

AGENDA

Tennessee Student Assistance Corporation

BOARD MEETING

Tennessee State Capitol
Executive Conference Room
Ground Level
Nashville, Tennessee

Thursday, September 27, 2007

- I. CALL TO ORDER – 1:00 p.m.**
- II. ROLL CALL OF MEMBERS AND DETERMINATION OF A QUORUM**
- III. ADOPTION OF AGENDA**
- IV. APPROVAL OF THE MINUTES OF THE MARCH 22, 2007 BOARD MEETING1**
- V. CHAIRMAN’S REPORT**
- VI. EXECUTIVE DIRECTOR’S REPORT**
- VII. TASFAA PRESIDENT’S REPORT**
- VIII. DECISION ITEMS**
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X. NEW BUSINESS

XI. OLD BUSINESS

XII. ADJOURNMENT – Approximately 3:00 p.m.

Note: Board members will assemble for a group photo at the conclusion of the meeting at approximately 3:15 p.m.

Tennessee Student Assistance Corporation (TSAC)
Board of Directors Meeting Minutes
March 22, 2007
1:00 p.m. CDT

I. CALL TO ORDER

The Board of Directors of the Tennessee Student Assistance Corporation met on Thursday, March 22, 2007, in Suite 1803, Parkway Towers, in Nashville, Tennessee. The meeting was called to order by board member Patrick Smith at 1:00 p.m.

II. ROLL CALL OF MEMBERS AND DETERMINATION OF A QUORUM

The following board members and alternate representatives were present:

Patrick Smith, Designee for Gov. Phil Bredesen
Dr. Russ Deaton, Designee for Dr. Richard G. Rhoda, Executive Director, THEC
Dr. Robert Ruble, Executive Director, TSAC
Ms. Janice Cunningham, Designee for Mr. Dale Sims, State Treasurer
Mr. Paul Starnes, President, Tennessee Proprietary Business School Assoc., Inc.
Mr. Morgan Branch, Designee for Commissioner Lana C. Seivers, State Department of Education
Ms. Faye Weaver, Designee for Mr. John Morgan, Comptroller of the Treasury
Mr. Pete Abernathy, Designee for Commissioner Dave Goetz, Department of Finance & Administration
Dr. Claude O. Pressnell, Jr., President Tennessee Independent Colleges and Universities Association
Mr. Clyde Walker, Designee for Ms. Janette Overton, Director of Financial Aid at Johnson Bible College in Knoxville; and President of Tennessee Association of Student Financial Aid Administrators
Dr. Katie High, Designee for Dr. John Petersen, President University of Tennessee
Mr. David Gregory, Designee for Chancellor Charles W. Manning, Tennessee Board of Regents
Dr. Nancy B. Moody, Designee for Dr. Joel Cunningham, Vice Chancellor and President, University of the South; and Chairman, Tennessee Independent Colleges and Universities
Ms. Deborah Cole, President and CEO, Citizens Bank
Dr. Fred D. Johnson, Private Citizen
Ms. Mary Kate Ridgeway, Private Citizen
Mr. Clay Petrey, Private Citizen

The following board members were unable to attend:

Gov. Phil Bredesen
Dr. Richard G. Rhoda, Executive Director, THEC
Ms. Lana Seivers, Commissioner of Education
Mr. John Morgan, Comptroller of the Treasury
Mr. Dave Goetz, Commissioner of Finance and Administration
Dr. John Petersen, President University of Tennessee
Chancellor Charles W. Manning, Tennessee Board of Regents
Mr. Dale Sims, State Treasurer

Dr. Joel Cunningham, Vice Chancellor and President, University of the South; and Chairman, Tennessee Independent Colleges and Universities
Ms. Janette Overton, Director of Financial Aid at Johnson Bible College in Knoxville; and President of Tennessee Association of Student Financial Aid Administrators
Ms. Victoria Wheeler, Student Member

II. ADOPTION OF AGENDA

R-03-07.1 RESOLVED: That the board approves the agenda as presented with a modification of moving Discussion Item K, Status of the Federal Reserve Ratio to follow Discussion Item E, Status of Federal Reserve Recall (Motion-Pressnell, second-Starnes, unanimously approved).

IV. APPROVAL OF THE MINUTES OF THE SEPT. 28, 2006 BOARD MEETING

R-03-07.2 RESOLVED: That the board approves the minutes of the Sept. 28, 2006 board meeting (Motion-Ridgeway, second-Starnes, unanimously approved).

V. CHAIRMAN'S REPORT

Mr. Smith, Deputy Director of the Governor's Office of State Planning and Policy, then called on Dr. Robert Ruble to give the Executive Director's report.

VI. EXECUTIVE DIRECTOR'S REPORT

Dr. Ruble said there were new rules for three financial aid programs approved by the Attorney General and the Secretary of State; rules for the new Graduate Nursing Loan Forgiveness Program, the new Math and Science Teacher Loan Forgiveness Program, and modifications to the existing lottery scholarship program.

He said that state auditors have completed a financial and compliance audit of TSAC for the 2005-06 fiscal year and an exit conference was held with TSAC's Audit Committee on Jan. 30, 2007. Currently state auditors are conducting a performance audit, which will probably last another month or two. An entrance conference was held Feb. 15, 2007. A major focus of the audit is expected to be the administration of the lottery scholarship program due to the fact that the program has not been reviewed in the past and the importance of the program in the current legislative session. When the performance audit is complete, the Audit Committee will be invited to the exit conference.

Dr. Ruble said that with the General Assembly in session, TSAC staff has been very busy monitoring proposed legislation and calculating fiscal notes. The agency is following more than 50 student-aid-related bills.

He also noted that it's near the end of the 2006-07 financial aid year, and the agency is already well into processing applications for 2007-08. FAFSAs for the 2007-08 aid year began arriving in January, and the March 1 priority date for the Tennessee Student Assistance Award program has already passed. He then noted the agency will provide progress reports later in this meeting.

He said it is time to select the new student board member as Victoria Wheeler's one-year term ends June 30, 2007. Because Ms. Wheeler belonged to a private higher-education institution and the next student board member must attend a public institution, TSAC is working with public post-

secondary schools on the nomination process. Gov. Bredeesen will ultimately choose the student member from the nominees.

Last, he introduced a new staff member, Sarah Milam, who is working in the Compliance Area as a lender reviewer.

VII. TASFAA PRESIDENT'S REPORT

Mr. Smith then called for the Tennessee Association of Student Financial Aid Administrators President's Report. Current TASFAA President Ms. Janette Overton could not be present, so her alternate designee, Mr. Clyde Walker, Associate Director of Financial Aid at Vanderbilt University, gave the report.

Mr. Walker said that TASFAA was organized in 1967 and is approaching its 40-year anniversary. Membership to date is 577 and last year the organization had record membership of 704. Membership is almost equally divided by representatives of public and private institutions of higher learning. The organization's major function is training and to that end TASFAA sponsors two conferences a year that are preceded by a new aid officer's workshop. The organization offers additional training opportunities throughout the year. The fall conference is always in Middle Tennessee, and the spring conference rotates between the three state regions. This year's spring conference will be in Knoxville in April. He noted that TASFAA is one of the strongest state financial aid organizations in the country.

VIII. DECISION ITEMS

Mr. Smith then reviewed Decision Item A, selection of board officers and committee members for 2008. The Nominating Committee consists of Dr. Charles Manning, Dr. John Petersen and Mr. Clay Petrey. Mr. Smith called on Mr. Petrey to introduce the decision item.

A. Selection of 2007-08 Officers and Committee Members

R-03-07.3 RESOLVED: That the current board officers, Executive Committee, Appeals Committee and Audit Committee be reinstated with no changes for 2008. (Motion-Gregory, second-Starnes, unanimously approved).

The officers and committee members are as follows:

Officers

Chairman: Gov. Phil Bredeesen

Vice Chair: Dr. Richard G. Rhoda

Secretary: Dr. Claude O. Pressnell, Jr.

Treasurer: Mr. Dale Sims

Executive Committee

Chairman: Gov. Phil Bredeesen, Chair

Mr. Dave Goetz

Mr. John Morgan

Dr. Claude O. Pressnell, Jr.

Dr. Richard G. Rhoda

Mr. Dale Sims

Appeals Committee

Mr. Charles W. Manning, Chair
Mr. John Morgan
Dr. John Petersen
Dr. Richard G. Rhoda
Dr. Paul Starnes

Audit Committee

Ms. Deborah Cole, Chair
Mr. Pete Abernathy
Mr. Clay Petrey

B. Adoption of 2007-08 TSAA Program Parameters

Mr. Smith then called on Tim Phelps, Associate Executive Director of Grants and Scholarships, to provide recommendations for the Tennessee Student Assistance Award program. Mr. Phelps said that 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. Based on a cash flow analysis, TSAC staff recommend a 145 percent over-commitment ratio for 2007-08. This is a revised figure, replacing the 140 percent figure that had been published in the printed agenda. In addition, \$44,108,500 is expected to be available for 2007-08 awards, which includes \$1,000,000 of additional revenue to be made available from the Tennessee Student Loan Program reserve. TSAC will attempt to spend \$44,000,000 of that amount. In order to spend \$44,000,000, 145 percent of that amount will be offered to students, or \$63,800,000.

R-03-07.4 **RESOLVED:** That the Tennessee Student Assistance Corporation (a) adopts a 145 percent over-commitment ratio for the 2007-08 TSAA program and (b) that \$1,000,000 of the Tennessee Student Loan Program reserve be made available as an additional resource for 2007-08 TSAA awards. (Motion-Pressnell, second-High, unanimously approved).

IX. DISCUSSION ITEMS

A. Tennessee Student Assistance Award Program Status Report

Naomi Derryberry, Director of Grant Programs, said as the end of the 2006-07 award year approaches, Tennessee Student Assistance Awards totaling \$45.2 million have been offered to about 20,730 students. These figures are current as of Feb. 1, 2007, and will likely decline slightly in the year-end reconciliation process. 2006-07 award activity is slightly up from the previous year when about 19,330 students actually received \$38.4 million.

There were no questions regarding the TSAA status report.

B. Tennessee Education Lottery Scholarship Program Status Report

Robert Biggers, Director of Lottery Scholarships, said that in the first year of the Tennessee Education Lottery Scholarship Program (TELS) program, \$93 million was provided to 40,000 students. In the second year, the program was expanded to include HOPE Foster Child Grants and Dual Enrollment Grants, and \$137 million was provided to 56,000 students. Now that it is near the end of the third year of the TELS program, \$212 million has been awarded to 71,000 students.

This figure will decline in the year-end reconciliation process. In 2007-08, the fourth year of the TELS program, the new Math and Science Teacher Loan Forgiveness program will be added to the collection of student aid programs funded under the lottery umbrella.

Mr. Biggers then yielded the floor to Dr. David Wright, Associate Executive Director of Policy, Planning and Research at THEC, who presented an overview of the TELS annual report, which was originally presented to legislative leadership on Jan. 9, 2007 at a THEC Commission meeting. Dr. Wright acknowledged his colleague Rob Anderson, and noted that this report was part of a collaborative effort from THEC and TSAC staff.

Some of the highlights of the report include: Female students made up 61 percent of scholarship recipients in the fall of 2006, African-American students represented eight percent of TELS recipients compared to 19 percent overall within public postsecondary education, and students from families earning over \$96,000 retained their TELS award at a 63 percent rate.

Janice Cunningham asked if she would be able to tell how many of the students that forfeit their TELS scholarship but remain in enrolled take out loans. Dr. Wright answered that it is a multi-faceted data collection effort and this question is just beginning to be looked at.

David Gregory asked when THEC considered the TELS program to be mature. Dr. Wright responded that he and his colleagues view 2007-08 as the year because that's when sophomores from the initial class will be in their fifth year of the program and have exhausted their eligibility.

C. Merit and Loan Forgiveness Programs Status Report

Ms. Derryberry gave the merit and loan forgiveness program status report. Some key figures for 2006-07 include 31 students received the Dependent Children program award, 112 received the Minority Teaching Fellows award, 180 received the Ned McWherter Scholars award, 545 received the Robert C. Byrd Teaching Honors award and 189 received the Tennessee Teaching Scholars award. Available TSAC resources for 2006-07 total about \$2.4 million. The 2006-2007 year-to-date figures indicate 1,057 students receiving \$2,615,377.

Regarding the new Graduate Nursing Loan-Forgiveness Program, TSAC has received 60 applications so far.

There were no questions regarding the merit and loan forgiveness program status report.

D. Federal Family Education Loan Program Status Report

Levis Hughes, Associate Executive Director for Loan Administration, gave the FFELP program report. In 2005-06, TSAC guaranteed \$732 million in the three federal loan programs--subsidized Stafford loans, unsubsidized Stafford loans and PLUS loans. In the first seven months of 2006-07 processing, \$575 million has been guaranteed. Mr. Hughes noted that compared to the prior fiscal year (2005-06), that number is only 78 percent of last year's total loan volume of nearly \$732 million. He said the decrease in loans is partially due some school software system conversions that happened in June 2006, which forced some schools to submit their loans later. He added that TSAC's loan servicer is Nelnet Guarantor Solutions or NGS (formerly called GuaranTec), headquartered in Jacksonville, Fla., and the company went through a system conversion in December 2006.

Mr. Hughes said that conversion glitches are being worked out, but noted that most current loan volume data show a slight decline. TSAC has a provision in its contract with NGS for a marketing position, which is in the process of being filled. In addition, TSAC asked for two of its own business development officers in its budget process to help increase marketing efforts. The Governor's budget isn't final yet.

He also pointed out that TSAC gets revenue from loan default collection. TSAC has not been using its two default collection techniques—administrative wage garnishment and revoking professional licenses—as much as possible. He added that it is not the agency's goal to revoke professional licenses, but to use it as a tool to encourage people to repay their loans. The agency got approval for a staff position to help increase efforts in default payment collection. Mr. Hughes and his colleagues anticipate some resistance as the agency increases these collection activities.

Next, he said TSAC is constantly balancing revenue opportunities, cost for services and service level as it relates to the Operating Fund. To this end, TSAC may consider moving out of a full-service arrangement with its current loan servicing vendors to a time share arrangement.

Mr. Hughes said since the board approved TSAC's request to the state to be able to sell rehabilitated loans at a premium rather than par value, which will bring more revenue into the Operating Fund, he welcomed the board's involvement in the process of soliciting and awarding bids to lenders who would purchase the rehabilitated loans.

Last, he said that TSAC is going to issue a request for proposal in the second or third quarter this year related to increasing the agency's default prevention activities. The agency's default cohort rate in September 2006 was 5.4 percent and recently received a draft cohort rate of 6.2 percent. He also noted that clearly TSAC needs to do a better job of educating students and schools about avoiding debt and debt management. He added that the increase is partially due to the loss of loan volume at higher quality schools, which have fewer defaulting loans. If TSAC continues to lose higher quality loan volume, it will affect the overall cohort rate. Another factor is that some consolidation loans have moved off of the books.

Ms. Cunningham then asked why the loan volume is decreasing and if it's related to TSAC's loan servicer. She then asked if TSAC is going to issue an RFP related to default prevention initiatives. Mr. Hughes responded that the agency was going to issue an RFP within a few months to hire a company to work on default prevention. TSAC's current loan servicer does provide default aversion services, but it only goes into effect at the time a delinquency occurs. There is no contract with the servicer to provide default prevention services. TSAC also has about four or five in-house default initiatives underway that do not cost a lot of money, but the agency feels the efforts need to be beefed up by a company dedicated to that. He also said that loan volume is decreasing because of the lottery program's historically small emphasis on loans, which allowed other guarantors to enter the state and capture a lot of the market, and because of the current loan servicer.

Ms. Cunningham then asked if there was anyone on the TSAC staff that monitors the contract with the loan servicer to make sure it is adequately delivering services. Mr. Hughes answered that yes, staff is responsible for monitoring different aspects of the service contract. Ms. Weaver then asked if the agency needed to get a new servicer or amend the existing contract. Mr. Hughes responded that was another option. He added that to be fair, TSAC has asked that the servicer not do administrative wage garnishments for certain borrowers because of a state law that prevents the sharing of data from the Department of Labor with a third party. If the servicer can get information from a source other than the Department of Labor, the servicer can issue an

administrative wage garnishment. Mr. Hughes said a temporary solution is to hire someone to independently perform administrative wage garnishment.

Mr. Walker then asked the agency to expand the description of PLUS loan program to include graduate-professional loans. Mr. Hughes responded that he would do that.

E. Status of Federal Reserve Recall

Mr. Smith then called on Dan Lee, Associate Executive Director for Business Affairs, to give the status of the federal reserve recall. Repayment of FFELP funds was mandated by the Higher Education Act of 1965, as amended. Section 422(h) required guaranty agencies to return \$1 billion from the federal reserve funds held. Tennessee's share was \$23,597,217 and was returned in full during September 2002, as requested. Section 422(i) required an additional \$250 million to be returned by the guaranty agencies in 3 installments beginning at the end of the 2002 federal fiscal year. Tennessee's share was \$3,989,492. The first payment, in the amount of \$1,356,427 (34 percent), was made during September 2002. The second payment of \$1,316,532.50 was made in September 2006. The final payment, \$1,316,532.50, is to be returned in September 2007.

K. Status of Federal Reserve Ratio

Mr. Hughes gave the status of TSAC's federal reserve ratio. According to Mr. Hughes, TSAC's ratio in 2006 was 0.29 percent, down from 0.41 percent the previous year. Mr. Hughes said that is cause for some alarm, as federal laws require a reserve ratio of at least 0.25 percent in order to avoid a U.S. Department of Education intervention.

He explained that there are two primary reasons for the agency's smaller reserve ratio. One is the \$1.3 million federal reserve recall payment—TSAC's last payment for this item will be September 2007. This is the last installment of a three-year requirement for the Federal Fund to pay for this recall. The second factor is the \$2.1 million account maintenance fee—over the past few years, the U.S. Department of Education has not fully funded the account maintenance fee and agencies such as TSAC have been instructed to “pay themselves” from their Federal Fund.

In TSAC's case, approximately \$2.1 million was transferred from the Federal Fund to the state Operating Fund. Under HERA, the authority for this type of funding was terminated (as of June 2006). The results of these two items have reduced our federal reserve ratio significantly. All other guarantors have been subject to these same factors. Had these items not all occurred in the same fiscal year, TSAC's ratio for 2006 would have been 0.36 percent. Mr. Hughes estimates the 2007 reserve ratio to be 0.34 percent.

Ms. Weaver asked if it was possible to see the inflow of revenue in the Federal Fund and the general state Operating Fund, including the account maintenance fees that TSAC gets. Mr. Hughes responded that he had a chart that indeed showed that.

Mr. Petrey then asked about the resolution approved earlier from the reserve, what that was referring to. Mr. Hughes responded that the \$11 million that Mr. Gregory was referring to is a combined state and federal reserve, a separate account from the \$13 million Federal Fund reserve and then there is an Operating Fund of about \$38 million that is also separate.

Mr. Petrey then asked where the inflows are for Mr. Hughes projections of the future federal reserve ratio. Mr. Hughes responded that the projections are based on the assumption that claims go down with an increase in default prevention and that simultaneously loan volume will go up

with more marketing efforts. It also takes into account the fees the agency receives for participating in default prevention and aversion.

Ms. Cunningham then suggested TSAC educate the board on the reserves. Mr. Hughes responded that the agency would do so.

F. Tentative TSAC Budget for 2007-08

Mr. Lee then gave the tentative TSAC Budget and the status of the agency's expansion request. The Governor issued his fiscal year 2007-08 budget request to the General Assembly. In his budget, which begins July 1, 2007, he recommended improvements to the base budget funding within three allotment codes as administered by TSAC. More specifically, \$3,800,000 would be provided for additional TSAA awards, an additional \$19,300,000 would be provided for additional lottery scholarships and \$58,900 would be available for TSAC operations, which would likely be used to fund office rent and insurance increases.

Dr. Pressnell noted that the approximately \$1.6 million LEAP/SLEAP funds in the budget is not guaranteed. Mr. Lee responded that yes, those funds are budgeted by the state, but if not granted, it can't be spent.

G. Status of Expansion Request

Mr. Lee said that early last fall TSAC asked the state Department of Finance and Administration for a budget expansion to add five additional staff. Recommended funding was primarily from existing federal and lottery resources with a net increase to the agency's budget of \$239,400.00. TSAC was successful and efforts are underway to hire qualified staff. Earlier this month the Financial Analyst position was filled and it's anticipated the other four positions will be filled soon.

H. 2007 General Assembly Legislative Report

Mr. Bain then gave the General Assembly report. He said there was a great deal of proposed legislation about student financial aid debated this spring and that summaries of key bills are in the agenda. TSAC has provided statements of financial impact to legislators and provided information to the Governor's Office as needed.

He noted that one bill in particular that TSAC is following closely is SB0611/HB0653, which would make changes to eligibility requirements for HOPE scholarships, ASPIRE awards, HOPE access grants and HOPE scholarships for nontraditional students. It would also clarify the amount of award under the HOPE foster child tuition grant; set the amount of HOPE scholarship for 2007-2008 at \$4,000 at four-year institutions and \$2,000 at two-year institutions and amount of Wilder- Naifeh technical skills grant for 2007-2008 at \$2,000. The bill, sponsored by Senate Education Committee Chair Senator Jamie Woodson and House Education Committee Chair Les Wunningham, contains many elements that were suggested by some in attendance last November at an open forum hosted by TSAC staff.

Then he noted some non-lottery bills of note:

HB1008/SB1452 would enact the "Tennessee STAR Scholarship Act" of 2007, SB1255/HB1955 would establish a medical school scholarship-loan program for students studying in Tennessee private medical schools who agree to practice in Tennessee one year for each year of the

scholarship and SB1256/HB1957 would do the same for students in a public or private medical school. SB1364/HB2161 would enact "Twenty-First Century Scholarship Initiative Act."

Mr. Bain noted that both chambers of the General Assembly are attempting to consolidate certain lottery and student financial aid bills so they can be considered together. As a result, most of the bills have not been brought to Committee yet.

Dr. Pressnell asked why lawmakers introduced HB1996/SB2043, which would require TSAC to publish eligibility requirements for the Minority Teaching Fellows program. Mr. Bain replied that the legislators supporting the bill may not fully understand the program and there's some discontent that not enough students are taking advantage of the loan forgiveness program.

I. College Goal Sunday Report

Darolyn Porter, Director of Compliance, gave the College Goal Sunday Report. Tennessee's second annual College Goal Sunday (CGS) event was held Feb. 18, 2007 at 33 sites across the state. Due to inclement weather, three of the original 35 scheduled sites were forced to reschedule or cancel. TSAC had one additional site added in the Memphis area and their participants are included in our attendance results. The response from everyone was tremendous, with approximately 400 volunteers participating at the CGS sites and 1,458 students and family members in attendance. Next year CGS will be Feb. 10, 2008.

Ms. Porter noted that two marketing outreach efforts mostly driven by the agency's Communication Services division were crucial to this year's CGS success. One was a public service announcement for radio stations featuring 33 state legislators. In addition, there was a generic PSA recorded and aired in major metro areas. The second outreach program was a commercial that aired on Comcast. TSAC was not charged anything for airing the commercial.

J. Communication Services Update

Jeri Fields, Associate Executive Director of Communication Services, gave the communications services update. Since the agency's budget expansion request was granted, there will be two outreach coordinator positions added that will bring the total to five. These positions will be housed out of the regional areas. She also said that within a few months, TSAC will have "live chat" available on the agency's Web site for students and parents to ask questions and get answers in real time. It will work a lot like instant text messaging. Once that is up and running, TSAC will be the first state agency to offer such a service on its own Web site. This will increase the responsibility for current call center staff.

Ms. Fields also said her division is still working on the grassroots education and communications efforts to achieve the four goals she outlined at the Sept. 28, 2006 board meeting:

1. Increase the total number of high school graduates from Tennessee public high schools who enroll in college.
2. Increase the total number of non-traditional students participating in higher education.
3. Increase the number of minority and low-income students qualifying, applying and receiving financial aid for college in Tennessee.
4. Increase the retention rate of the TELS award at the 24-hour credit checkpoint.

To that end, her division has increased outreach efforts and presentations in middle schools. TSAC is working with GEAR UP to avoid any overlap and use resources as efficiently as possible. She noted that middle schools tend to have even tighter schedules than high schools and

that it's been challenging to get an audience with the entire student body at middle schools. In addition, her staff has been reaching out to companies and trying to speak with potential non-traditional students through brown bag lunches and seminars and trying to promote the Wilder-Naifeh Technical Skills Grant to this population.

Ms. Fields said that when all five regional outreach specialists are in place, all of these efforts and programs will increase. In addition, TSAC is partnering with NASFAA, SREB Alliance, NCAN and GEAR UP to develop a best practice pilot program, which will begin when all the regional outreach representatives are in place. She reiterated that she believes strongly that grassroots, local campaigns are the best way to reach achieve the four goals and that she and her staff are always open to suggestions and ideas.

Dr. Pressnell said that it would be very helpful if TSAC educated the legislators on its current outreach efforts. Ms. Fields agreed.

Dr. Johnson asked if the agency had looked at middle school Web sites and parent-teacher organizations as a way to reach students. Ms. Fields responded that those were great suggestions and that generally when TSAC has approached schools, the agency is informed to work with the school counselors.

L. Tennessee Student Assistance Award Program Taskforce Final Recommendations

Dr. Russ Deaton, Director of Fiscal Analysis for the Tennessee Higher Education Commission, discussed the TSAA program Taskforce's final recommendations.

The TSAA program is Tennessee's primary need-based grant program. Available TSAA resources for 2006-07 total about \$44.4 million. TSAC convened a Taskforce to study the TSAA program for need-based financial aid and recommend improvements to the program. The Taskforce is comprised of Dr. Deaton, Ms. Derryberry, Mr. William Doyle, a public policy researcher at Vanderbilt University-Peabody College, Mr. Jeff Gerkin, financial aid director at the University of Tennessee, Knoxville, and Mr. Greg Schutz, an institutional researcher at the Tennessee Board of Regents.

The TSAC board asked this group to address eligibility requirements, application deadline dates, and the formula used to determine award amounts. The purpose was to determine if, in an environment of limited resources, existing resources could be better-targeted. Dr. Deaton said the group has been meeting about once a month over the past year and a half.

At the Sept. 28, 2006 TSAC Board Meeting, the TSAA Taskforce presented a preliminary recommendation to the Board for consideration that included the following features:

- Continue administering TSAA as a centralized program
- Advance the "Priority Application Date" from May 1 to March 1
- Consolidate the award amounts to a simpler, more easily explainable award structure
- Greater differentiation in award amounts

The Taskforce refined this recommendation in subsequent months, and constructed models to predict how the proposed changes would impact the distribution of the TSAA awards. Based on the preliminary recommendations and modeling and analysis work of the Taskforce, they proposed the following new award structure:

EFC/Sector	0	1-500	501-1000	1001-1500	1501-2100
Private	\$4,800	\$4,000	\$3,200	\$2,400	\$1,600
Public Univ & Career	\$2,400	\$2,000	\$1,600	\$1,200	\$800
Public CC	\$1,500	\$1,250	\$1,000	\$750	\$600
TTC	\$1,200	\$1,000	\$800	\$600	\$600

Based on Taskforce analysis, the revised award structure will not shift funds between sectors. However, the revised award structure is deliberately designed to shift more financial aid to those students of greatest financial need. Currently 58 percent of TSAA funds are awarded to students with an expected family contribution, or EFC, of zero. The revised structure is projected to award 72 percent of funds to students with an EFC of zero. Finally, based on modeling performed by the Taskforce, the proposed program revisions will award comparable numbers of students as the current program.

Sector Distribution	Current	Projected
Private	20.0%	20.9%
Public Univ & Career	51.1%	49.0%
Public CC	23.9%	24.2%
TTC	5.0%	6.0%
Grand Total	100.0%	100.0%

TSAA Breakdown	Students		Cost	
	Proposed	Current	Proposed	Current
EFC				
0	62.7%	58.0%	72.3%	57.3%
1-500	10.8%	11.9%	11.4%	13.0%
501-1000	8.8%	10.1%	7.2%	10.1%
1001-1500	8.4%	9.6%	5.1%	9.4%
1501-2100	9.2%	10.4%	3.8%	10.2%
Total	100.0%	100.0%	100.0%	100.0%

Dr. Deaton said these are the final analyses and recommendations of the Taskforce.

Dr. High asked how you get from 58 percent of students having \$0 EFC to 62.7 percent. Dr. Deaton responded that if you extend the deadline, there will be an increase in the number of those applying who have an EFC of \$0.

Mr. Smith then gave thanks to the Taskforce on behalf of the board.

X. INFORMATION ITEMS

A. Tennessee Education Lottery Scholarship Program Annual Report

Mr. Smith said this is an informational item of the report that Dr. David Wright reviewed in Discussion Item B, the TELS program status report.

XI. NEW BUSINESS

None.

XII. OLD BUSINESS

None. Mr. Smith reminded everyone that the next meeting would be Thursday, Sept. 27, 2007 at 1:00 p.m. He also said that's when the annual board photograph will be taken.

XIII. ADJOURNMENT

The meeting adjourned at approximately 3:15 p.m.

Minutes recorded by Jeri Fields and written by Micaela Brown of TSAC and approved by:

A handwritten signature in black ink, reading "Claude O. Pressnell, Jr.", written over a horizontal line.

Dr. Claude O. Pressnell, Jr., Secretary

TENNESSEE STUDENT ASSISTANCE CORPORATION

Thursday, September 27, 2007

DECISION ITEM A: Proposed Rule Changes to the Tennessee Education Lottery Scholarship Program

Staff Recommendation

- (1) That the Tennessee Student Assistance Corporation adopts Rule 1640-1-19, Tennessee Education Lottery Scholarship (TELS) Program as both public necessity rules and proposed rules.
- (2) That the Tennessee Student Assistance Corporation authorizes its Executive Director to make any necessary technical corrections to these rules consistent with advice of the Tennessee Attorney General.

Background

During the 2007 session of the 105th General Assembly, the Tennessee legislature increased certain TELS award amounts in its Appropriations bill, thus requiring appropriate changes in the TELS rules.

TSAC staff has drafted a revision of the TELS rules to:

- (1) Eliminate reference to TELS award amounts in the rules, thus making rule changes unnecessary in the future if the only changes the legislature enacts are to award amounts; and
- (2) Remove language from the rules that simply duplicates TELS program statutory language enacted by the legislature.

TSAC staff will ensure that administrative staff at postsecondary institutions has access to appropriate TELS statutes for proper administration of the TELS program by posting links to the statutes on the TSAC website.

Minor substantive changes to the rules included the following:

- (1) A conflict in the current rules was resolved by deleting language suggesting that students could receive Tennessee Dual Enrollment Grants when taking remedial and developmental studies courses.
- (2) High Schools will be required to submit student information on or before June 30, replacing the prior deadline of September 1.

- (3) If an award is made in error through no fault of the student, the student will not be required to repay the amount of the payment made in error. If TSAC determines fraud was committed or the error was through fault of the student, repayment will be required and the student will not receive additional aid until payment is made.

Changes have been highlighted in red to facilitate review by the Board. The rules will be implemented at the earliest possible date after approval by the TSAC Board of Directors and the Tennessee Attorney General and the final version is filed with the Secretary of State.

Supporting Document

Rules of the Tennessee Student Assistance Corporation, Chapter 1640-1-19, Tennessee Education Lottery Scholarship Program (DRAFT September 6, 2007).

**RULES
OF
TENNESSEE STUDENT ASSISTANCE CORPORATION**

CHAPTER 1640-1-19

TENNESSEE EDUCATION LOTTERY SCHOLARSHIP PROGRAM

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1640-1-19-.01 DEFINITIONS.

- (1) Academic Year: ~~The term is defined in T.C.A § 49-4-902. Three consecutive semesters that begins with the fall semester and ends with the summer semester.~~
- (2) ACT: The ACT Assessment administered by ACT, Inc., exclusive of the essay and optional subject area battery tests.
- (3) Adjusted Gross Income Attributable to the Student or Student’s Adjusted Gross Income: ~~The term is defined in T.C.A. § 49-4-902.~~
 - ~~(a) — The adjusted gross income of the student’s parent or parents as reported on the student’s Free Application for Federal Student Aid (FAFSA) and used by the Corporation in determinations of eligibility for federal or state financial aid, if the student is a dependent of a parent or parents as defined by FAFSA; or~~
 - ~~(b) — The adjusted gross income of the student and, if applicable, the student’s spouse as reported on the student’s FAFSA and used by the Corporation in determinations of eligibility for federal or state financial aid, if the student is independent of parents as defined by FAFSA.~~
- (4) Alternative Study Program: Program of study including, but not limited to student exchange programs, practicum, co-op programs and internships that includes travel outside the State of Tennessee that is sponsored or offered by:
 - (a) an eligible postsecondary institution; or

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**This is a draft version of the TELS rules, with changes proposed by TSAC staff. Black text represents the official March, 2007 (Revised) rules as they currently exist. Red and redline text represents the changes proposed to existing text.*

(Rule 1640-1-19-.01, continued)

- (b) an eligible postsecondary institution in conjunction with either another eligible postsecondary institution or a postsecondary institution that is accredited by a regional accrediting association.
- (5) ASPIRE Award: An award to a student for study in pursuit of an associate or baccalaureate degree at an eligible postsecondary institution who qualifies for a Tennessee HOPE Scholarship and whose adjusted gross income attributable to the student does not ~~exceed the amount as described in T.C.A. § 49-4-915(a)(2). exceed thirty six thousand dollars (\$36,000).~~
- (6) Award Year: ~~A period of time, typically nine (9) months, in which a full-time student is expected to complete the equivalent of a minimum of two (2) semesters of academic study. Three consecutive semesters that begins with the fall semester and ends with the summer semester.~~
- (7) Board of Regents: The Board of Regents of the State University and Community College System of Tennessee.
- (8) Certificate or Diploma: ~~The term is defined in T.C.A. § 49-4-902. A credential, other than a degree, the receipt of which indicates satisfactory completion of training in a program of study offered by a Tennessee Technology Center operated by the Board of Regents.~~
- (9) Continuing Education: Courses and programs that do not lead to a certificate, diploma or degree that are designed for personal development and are an extension of the traditional on-campus learning process.
- (10) Continuous Enrollment: ~~The term is defined in T.C.A. § 49-4-902. A student is enrolled in the fall and spring semesters of a single academic year. Enrollment in summer semester or inter session terms is not required.~~
- (11) Corporation: Tennessee Student Assistance Corporation.
- (12) Cost of Attendance: The expenses, both direct and indirect, incurred by a student and the student's family to finance the cost of receiving a postsecondary education as determined in accordance with the standards and practices used for Title IV programs by the institution at which the student is enrolled.
- (13) Credit Hours Attempted: The number of semester hours for which a degree-seeking or diploma/certificate-seeking student attending a postsecondary institution is enrolled as of the institutionally defined census date shall be considered credit hours attempted, regardless of whether a grade has been assigned. This standard shall apply to any change to a non-credit status, notwithstanding anything in Rule 1640-1-19-.22.
- (14) Degree: A two-year associate degree or four-year bachelor's degree conferred on students by a postsecondary educational institution upon completion of a unified program of study at the undergraduate level.
- (15) ~~Dependent Child of a Military Parent: A natural or adopted child or stepchild whom a military parent claims as a dependent for federal income tax purposes; who is under twenty-one (21) years of age; and who resides in another state or nation only while the military parent is engaged in active military service, on full-time national guard duty, or actively employed by the U.S. Department of Defense.~~

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(Rule 1640-1-19-.01, continued)

- (16) **Dependent Child of a Full-time Religious Worker:** A natural or adopted child or stepchild whom the parent, who is a religious worker, claims as a dependent for federal income tax purposes; who is under twenty-one (21) years of age; and who resides in another nation only while the parent is actively engaged in full-time religious work.
- ~~(1517)~~ **Distance Education Learning:** An educational process that is characterized by the separation, in time or place, between instructor and student. It may include credit hours offered principally through the use of television, audio, or computer transmission, such as open broadcast, closed circuit, cable, or satellite transmission; audio or computer conferencing; video cassettes or discs, or correspondence.
- ~~(1618)~~ **Dual Enrollment:** The term is defined in T.C.A. § 49-4-902. ~~An arrangement between a high school and a postsecondary institution wherein a high school student enrolls in postsecondary classes and earns units of credit that count toward high school graduation requirements and hours or units of postsecondary credit.~~
- ~~(1719)~~ **Eligible High School:** The term is defined in T.C.A. § 49-4-902.
- (a) ~~Tennessee public secondary school; or~~
- (b) ~~Any private secondary school that is located in Tennessee and:~~
- ~~1. is approved by the State Board of Education as a category 1, 2, or 3 secondary school; or~~
- ~~2. is a candidate for full accreditation status by an accrediting agency approved by the State Board of Education by June 8, 2004 for the purpose of application for Tennessee Hope Scholarships for the 2004-05 academic year by students who graduated after January 1, 2003 and prior to December 1, 2004.~~
- (c) ~~A secondary school operated by the United State Department of Defense on a military base that is located in whole or in part in Tennessee;~~
- (d) ~~An out of state public secondary school located in a county bordering Tennessee that Tennessee residents are authorized to attend under T.C.A. §49-6-3108, anything in rule 1640-1-19-.05(11) to the contrary notwithstanding; or~~
- (e) ~~An out of state boarding school accredited by a regional accrediting association that is attended by a bona fide Tennessee resident.~~
- ~~(1821)~~ **Eligible Postsecondary Institution:** The term is defined in T.C.A. § 49-4-902. ~~—An eligible independent postsecondary institution or an eligible public postsecondary institution.~~
- ~~(1920)~~ **Eligible Independent Postsecondary Institution:** The term is defined in T.C.A. § 49-4-902.
- (a) ~~An institution created by testamentary trust for which the state acts by statute as trustee and for which the governor is authorized to appoint commissioners with the advice and consent of the senate and that offers courses leading to undergraduate degrees; or~~
- (b) ~~A Southern Association of Colleges and Schools accredited private postsecondary institution whose main campus is located in Tennessee; or~~
- (c) ~~A private, four year postsecondary institution that:~~

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(Rule 1640-1-19-.01, continued)

- ~~1. Has been chartered in Tennessee as a not for profit entity for at least thirty (30) consecutive years;~~
 - ~~2. Has had its primary campus domiciled in Tennessee for at least thirty (30) consecutive years;~~
 - ~~3. Is accredited by an accrediting agency that is recognized by the United States Department of Education and the Council on Higher Education Accreditation;~~
 - ~~4. Awards associate or baccalaureate degrees; and~~
 - ~~5. As of May 1, 2005, has an articulation agreement with an institution of the state university and community college system or the University of Tennessee system.~~
- (~~202~~) Eligible Public Postsecondary Institution: The term is defined in T.C.A. § 49-4-902.
- ~~(a) An institution operated by the Board of Regents; or~~
 - ~~(b) An institution in the University of Tennessee system.~~
- (~~2123~~) Entering Freshman: The term is defined in T.C.A. § 49-4-902. ~~A student entering a postsecondary institution who has not attempted any semester hours at any postsecondary institution after graduating from high school, completing high school in a home school program, or obtaining a GED.~~
- (~~2224~~) FAFSA: Free Application for Federal Student Aid or the Renewal FAFSA as authorized by the U. S. Department of Education to indicate eligibility for federal and state financial aid programs.
- (~~2325~~) Foster Child: A child who was in the custody of the Tennessee Department of Children's Services as described in T.C.A. § 49-4-933(b).~~;~~
- ~~(a) For at least one (1) year after reaching fourteen (14) years of age;~~
 - ~~(b) For at least one (1) year after reaching fourteen (14) years of age and placed for adoption by the Department of Children's Services or one of its adoption contract agencies and the adoption was finalized; or~~
 - ~~(c) For at least one (1) year and placed in permanent guardianship by the Department of Children's Services after reaching fourteen (14) years of age.~~
- (~~2426~~) Full-Time Student: The term is defined in T.C.A. § 49-4-902. ~~A student attending a postsecondary educational institution and enrolled for at least twelve (12) semester hours during a semester of attendance.~~
- (~~2528~~) General Assembly Merit Scholarship: The term is defined in T.C.A. § 49-4-902. ~~An award to a student for study in pursuit of an associate or baccalaureate degree at an eligible postsecondary institution awarded for academic excellence to supplement the Tennessee HOPE Scholarship.~~
- (~~2627~~) GED: The term is defined in T.C.A. § 49-4-902. ~~A general educational development credential awarded by a state approved institution or organization.~~

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(Rule 1640-1-19-.01, continued)

- (~~2729~~) Grade Point Average: The numbered grade average calculated using a 4.0 scale, calculated to the hundredth decimal.
- (~~2830~~) Home School Student: ~~The term is defined in T.C.A. § 49-4-902. A student who completed high school in a Tennessee home school program meeting the requirements of §49-6-3050. For two (2) years immediately preceding completion of high school as a home school student, such student shall have been a student in a home school associated with a church related school as defined by §49-50-801 and registered with the Tennessee local school district which the student would otherwise attend as required by §49-6-3050(a)(2)(C)(i) or an independent home school student whose parent or guardian has given notice to the local director of a Tennessee school district under § 49-6-3050(b)(1) of intent to conduct a home school.~~
- (~~2931~~) Home Institution: The eligible postsecondary institution in which the student is enrolled and is in a matriculating status working toward a degree, diploma, or certificate.
- (~~3032~~) Host Institution: The eligible postsecondary institution the student is temporarily attending as a transient student.
- (~~3133~~) Immediate Family Member: Spouse, parents, children or siblings.
- (~~3234~~) Incarcerated: Currently confined to a local, state, or federal correctional institution, as well as work release or educational release facilities.
- (~~3335~~) Joint Enrollment: An arrangement between a high school and a postsecondary institution wherein a student enrolls in postsecondary classes while attending high school, but for which the student will receive credit from only one of the two institutions.
- (~~3436~~) Junior: ~~The term is defined in T.C.A. § 49-4-902. A student who has attempted at least forty-eight (48) semester hours, but less than seventy-two (72) semester hours.~~
- (~~3537~~) Matriculated Status: The student is a recognized candidate for an appropriate degree, diploma, or certificate at an eligible postsecondary educational institution.
- (38) Military Parent: The term is defined in T.C.A. § 49-4-926(b)(2).
- (~~3639~~) Non-Traditional student: ~~The term is defined in T.C.A. § 49-4-902. A student who is at least twenty five (25) years of age as of the first day of class upon enrolling in an eligible postsecondary institution as an entering freshman.~~
- (~~3740~~) Parent: ~~The term is defined in T.C.A. § 49-4-902. A parent or guardian.~~
- (~~3841~~) Part-time Student: ~~The term is defined in T.C.A. § 49-4-902. A student attending a postsecondary educational institution and enrolled for at least six (6) semester hours, but less than twelve (12) semester hours, during a semester of attendance.~~
- (~~3942~~) Regional Accrediting Association: ~~The term is defined in T.C.A. § 49-4-902. Approved accrediting agencies are as follows:~~
- ~~(a) — The Southern Association of Colleges and Schools;~~
 - ~~(b) — The New England Association of Schools and Colleges;~~
 - ~~(c) — The Middle States Association of Colleges and Schools;~~

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(Rule 1640-1-19-.01, continued)

- ~~(d) The North Central Association of Colleges and Schools;~~
- ~~(e) The Northwestern Association of Schools and Colleges; and~~
- ~~(f) The Western Association of Schools and Colleges.~~
- (43) Religious Worker: The term is defined in T.C.A. § 49-4-934(b)(2).
- ~~(4044) SAT: The SAT is administered by the College Board, exclusive of the essay and optional subject area battery tests.~~
- ~~(4145) Satisfactory Academic Progress: Progress in a course of study in accordance with the standards and practices used for Title IV programs by the postsecondary institution at which the student is currently enrolled.~~
- ~~(4246) Semester: The term is defined in T.C.A. § 49-4-902. Fall, spring, or summer semester at a postsecondary institution, if the institution is on a semester system, or the equivalent, if the institution is on a system other than a semester system.~~
- ~~(4347) Semester Hour: The term is defined in T.C.A. § 49-4-902. The credit hour used by a postsecondary institution, if the institution is on a semester system, or its equivalent, if the institution is on a system other than a semester system. Semester hour includes each semester hour attempted, whether remedial, developmental or for credit toward a degree, but shall not include any semester hour attempted before graduating from high school or earning a GED.~~
- (4448) Study Abroad Program: Programs of study for which college credit is earned that include travel outside the United States.
- (4549) TELS (Tennessee Education Lottery Scholarship) Award: Any scholarship and/or grant provided for by these rules that a student is eligible to receive, excluding the Tennessee Dual Enrollment Grant.
- (4650) Tennessee Dual Enrollment Grant: A grant for study at an eligible postsecondary institution that is funded from net proceeds of the state lottery and awarded to students who are attending high school and who are also enrolled in courses at eligible postsecondary institutions that count toward high school graduation requirements and hours or units of postsecondary credit.
- ~~(4751) Tennessee HOPE Access Grant: The term is defined in T.C.A. § 49-4-902. A grant to freshman students for study in pursuit of an associate or baccalaureate degree at an eligible postsecondary institution that is one half the amount of a Tennessee HOPE Scholarship and the need-based supplemental award, which is funded from net proceeds of the state lottery.~~
- ~~(4852) Tennessee HOPE Foster Child Tuition Grant: A grant in addition to the Tennessee HOPE Scholarship to a foster child to only be used towards the costs of tuition, maintenance fees, student activity fees and required registration or matriculation fees at the eligible postsecondary institution the student attends.~~
- ~~(4953) Tennessee HOPE Scholarship: The term is defined in T.C.A. § 49-4-902. A scholarship for study in pursuit of an associate or baccalaureate degree at an eligible postsecondary institution that is funded from net proceeds of the state lottery.~~
- (54) Tennessee National Guard: The term is defined in T.C.A. § 49-4-926(b)(3).

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(Rule 1640-1-19-.01, continued)

- (5055) Test Date: ~~The Date designated for the ACT test administered by the ACT, Inc., or the date designated for the SAT test administered by the College Board for administration of the ACT or SAT at national test centers. designated by the respective testing entities.~~ This shall also include the administration of either test on other dates as approved by the respective testing entities to accommodate an individual student's documented disability or other hardship.
- (5156) Title IV: ~~The term is defined in T.C.A. § 49-4-902. Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C.A. § 1070, et seq.~~
- (5257) Transient Student: A visiting student enrolled in another institution who is granted temporary admission for the purpose of completing work to transfer back to the home institution and who expects to return to the institution in which he or she was previously enrolled.
- (5358) Undergraduate Student: A student attending an eligible postsecondary institution and enrolled in a program leading to a diploma/certificate, an associate degree, or a bachelor's degree.
- (5459) Unweighted Grade Point Average: ~~The term is defined in T.C.A. § 49-4-902. Grade point average on a 4.0 scale calculated without additional points awarded for advanced placement, honors, or other similar courses.~~
- (5560) Weighted Grade Point Average: ~~The term is defined in T.C.A. § 49-4-902. Grade point average on a 4.0 scale calculated with additional quality points added to the unweighted grade point average for advanced placement, honors, and dual enrollment courses and other similar courses as those courses are defined by the high school.~~
- (5661) Wilder-Naifeh Technical Skills Grant: ~~The term is defined in T.C.A. § 49-4-902. A grant for study in pursuit of a certificate or diploma at a Tennessee Technology Center operated by the Tennessee Board of Regents that is funded from net proceeds of the state lottery.~~

Authority: T.C.A. §§49-4-201, 49-4-902, 49-4-924 and 2006 Tenn. Pub. Acts Ch. 869. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Amendments filed October 21, 2004; effective February 28, 2005. Amendment filed January 25, 2005; effective May 31, 2005. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-1-19-.01 through 1640-1-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-1-19-.01 through 1640-1-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 30, 2006; expires May 14, 2007. Amendment filed November 30, 2006; effective March 30, 2007.

1640-1-19-.02 SCHOLARSHIP AWARD AMOUNTS AND CLASSIFICATIONS.

- (1) The Tennessee Education Lottery Scholarship program is intended to provide financial awards to offset costs associated with pursuing postsecondary education.
- (2) Award amounts for the following programs shall be determined in accordance with T.C.A. § 4-51-111 and shall be set in the General Appropriations Act: ~~levels for a full-time student in the 2006-2007 academic year are as follows:~~
 - (a) Tennessee HOPE Scholarship Award pursuant to T.C.A. § 49-4-914 (a) and (b);:
 1. ~~One thousand nine hundred dollars (\$1,900) per semester, maximum three thousand eight hundred dollars (\$3,800) at four-year institutions; and~~

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(Rule 1640-1-19-.03, continued)

- ~~2. — Nine hundred fifty dollars (\$950) per semester, maximum one thousand nine hundred dollars (\$1,900) at two year institutions.~~
- (b) Tennessee ASPIRE ~~Award~~ supplemental award pursuant to T.C.A. § 49-4-915.:
- ~~1. — Seven hundred fifty dollars (\$750) supplement to base award per semester, maximum one thousand five hundred dollars (\$1,500).~~
- (c) General Assembly Merit Scholarship supplemental award pursuant to T.C.A. §49-4-916.:
- ~~1. — Five hundred dollars (\$500) supplement to base award per semester, maximum one thousand dollars (\$1,000).~~
- (d) Tennessee HOPE Access Grant award pursuant to T.C.A. § 49-4-920; and ~~(one half each of the Tennessee HOPE Scholarship and ASPIRE award):~~
- ~~1. — One thousand three hundred twenty five dollars (\$1,325) per semester, maximum two thousand six hundred fifty dollars (\$2,650) at four year institutions; and~~
- ~~2. — Eight hundred fifty dollars (\$850) per semester, maximum one thousand seven hundred dollars (\$1,700) at two year institutions.~~
- (e) Wilder-Naifeh Technical Skills Grant pursuant to T.C.A. § 49-4-921.:
- ~~1. — One thousand five hundred dollars (\$1,500) maximum at Tennessee Technology Centers.~~
- ~~(3)(f) — Tennessee Dual Enrollment Grant shall be:~~
- ~~1.(a) One hundred dollars (\$100) per semester hour (or equivalent contact hours at technology centers) for a maximum award of three hundred dollars (\$300) per semester and six hundred dollars (\$600) per academic year.~~
- ~~(4) Tennessee HOPE Foster Child Tuition Grant amounts shall be pursuant to T.C.A. § 49-4-933.~~
- ~~(3) — Award amounts for subsequent years shall be determined in accordance with T.C.A. §4-51-111 and shall be set in the general appropriations act.~~
- (45) Recipients of any TELS award as provided by these rules, except for the Tennessee Dual Enrollment Grant ~~described in Rule 1640-1-19-.11~~ and the Wilder-Naifeh Technical Skills Grant ~~described in Rule 1640-1-19-.10~~, may enroll as a full-time or part-time student at any eligible postsecondary institution. The amount of the award for part-time students shall be based on the hours attempted. Students enrolled in six, seven or eight hours will receive half of the award of full-time students. Students enrolled in nine, ten or eleven hours will receive three quarters of the award of a full-time student.
- (56) Except for approved medical or personal leaves of absence as provided in Rule 1640-1-19-.20 or emergency military duty as provided in Rule 1640-1-19-.21, award recipients must be continuously enrolled and maintain satisfactory academic progress at an eligible postsecondary institution.
- (67) In the event that net lottery proceeds are insufficient to fully fund the TELS award program, the Corporation shall determine the appropriate manner in which the various awards shall be reduced.

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(Rule 1640-1-19-.03, continued)

- (78) Receipt of student financial aid from sources other than TELS that are applied to educational expenses will not operate to reduce the student's TELS award as long as the student's total aid does not exceed the total cost of attendance. In the event that a student's total aid exceeds the cost of attendance, the eligible postsecondary institution shall, to the extent it does not violate applicable federal regulations, use its institutional policy in reducing the student's total aid package.
- (9) The receipt of a Tennessee HOPE Scholarship, Tennessee HOPE Access Grant, Tennessee ASPIRE Award, Tennessee HOPE Foster Child Grant, General Assembly Merit Scholarship or Tennessee Dual Enrollment grant is contingent upon admission and enrollment at an eligible postsecondary institution. Academically qualifying for any of these awards programs does not guarantee admission to an eligible postsecondary institution.
- ~~(9) Tennessee HOPE Foster Child Tuition Grant amounts shall be specified in Rule 1640-1-19-.09.~~

Authority: T.C.A. §§49-4-201, 49-4-903, 49-4-912, 49-4-914, 49-4-915, 49-4-916, 49-4-919, 49-4-920, 49-4-921, 49-4-922, 49-4-924 and 2006 Tenn. Pub. Acts Ch. 869, 974. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Amendment filed October 21, 2004; effective February 28, 2005. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-1-19-.01 through 1640-1-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-1-19-.01 through 1640-1-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 30, 2006; expires May 14, 2007. Amendment filed November 30, 2006; effective March 30, 2007.

1640-1-19-.03 APPLICATION PROCESS.

- (1) The FAFSA shall be the application for all first year TELS awards and the FAFSA, or Renewal FAFSA, shall be the means by which eligible students reapply for TELS awards after their initial year of eligibility. The FAFSA must be submitted by mail or electronically as directed in the FAFSA instructions. Regardless of the adjusted gross income attributable to the student, he or she is required to complete the FAFSA for each academic year in order to apply for and receive a TELS award.
- (2) Students must have a FAFSA received by the U.S. Department of Education on or before September 1 for fall enrollment and February 1 for spring and summer enrollment in determining awards for that academic year. Students enrolling in a Tennessee Technology Center shall have a FAFSA received by the U. S. Department of Education on or before July 1 for the summer trimester, November 1 for the fall trimester and March 1 for the spring trimester. It shall be the responsibility of the student to ensure that the FAFSA is timely submitted to ensure it is received by the above deadlines.
- (3) Students shall apply for the Tennessee Dual Enrollment during their junior and senior years prior to high school graduation by submitting the Dual Enrollment Grant ~~Fee Waiver~~ Application to the postsecondary institution to which the student is seeking admission. The student must renew the Dual Enrollment Grant application each postsecondary academic term.
 - (a) The application deadline shall be set by the high school and postsecondary institution participating in the Dual Enrollment Grant program, but shall be no later than the eligible postsecondary institution's census date for that semester.

Authority: T.C.A. §49-4-924 and Public Chapter 481, Acts of 2005. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March

March, 2007 (Revised)

(Rule 1640-1-19-.03, continued)

18, 2006. *Public necessity rules 1640-1-19-.01 through 1640-1-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-1-19-.01 through 1640-1-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006.*

1640-1-19-.04 GENERAL ELIGIBILITY.

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

Authority: T.C.A. §§49-4-201, 49-4-904, 49-4-905, and 49-4-924. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. *Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-1-19-.01 through 1640-1-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-1-19-.01 through 1640-1-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 30, 2006; expires May 14, 2007. Amendment filed November 30, 2006; effective March 30, 2007.*

1640-1-19-.05 ELIGIBILITY – TENNESSEE HOPE SCHOLARSHIP.

- (1) This paragraph applies to student eligibility requirements as amended effective July 1, 2007. To be eligible for a Tennessee HOPE Scholarship as an entering freshman, a student, who graduated from an eligible high school after December 1, 2003, upon having completed curriculum requirements of the high school for graduation, shall **meet the requirements of T.C.A. § 49-4-907.÷**

~~(a) — Meet the requirements of §§ 49-4-904 and 49-4-905; and~~

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~~(b) Be admitted to and enroll in an eligible postsecondary institution no later than sixteen (16) months after graduation from high school; and~~

~~(c) Achieve a final overall weighted high school grade point average of at least 3.0; or~~

~~(d) Attain a composite ACT score of at least 21 on any single ACT test date or a combined SAT score of at least 980 on any single SAT test date.~~

~~(2) This paragraph applies to student HOPE Scholarship eligibility as an entering freshman for students graduating from an eligible high school, or choosing to seek enrollment in a postsecondary institution in lieu of completing high school requirements after December 1, 2004, but prior to postsecondary enrollment as of June 30, 2007. To be eligible for the HOPE award, the student must:~~

~~(a) Meet the general eligibility requirements of Rule 1640-1-19-.04; and~~

~~(b) No later than 16 months following completion of the respective high school requirements:~~

~~1. Apply for a Tennessee HOPE Scholarship as provided by Rule 1640-1-19-.03; and~~

~~Enroll in an eligible postsecondary institution; and~~

~~3. Satisfy one of the following requirements:~~

~~(i) Achieve a final overall unweighted high school grade point average of at least 3.0; or~~

~~(ii) Attain a composite ACT score of at least 21 on any single ACT test date or a combined SAT score of at least 980 on any single SAT test date taken prior to enrolling in a postsecondary institution; or~~

~~(iii) Pass the GED tests with an average score of at least 525, and attain a composite ACT score of at least 21 on any single ACT test date, or a combined SAT score of at least 980 on any single SAT test date taken prior to enrolling in a postsecondary institution.~~

~~(3) This paragraph applies to student HOPE Scholarship eligibility as an entering freshman for students graduating from an eligible high school after December 1, 2003, but prior to December 1, 2004. To be eligible for the HOPE award, the student must:~~

~~(a) Meet the general requirements of Rule 1640-1-19-.04; and~~

~~(b) Apply for a Tennessee HOPE Scholarship as provided in Rule 1640-1-19-.03;~~

~~(c) Enroll in an eligible postsecondary institution; and~~

~~(d) Satisfy one of the following requirements:~~

~~1. Achieve a final overall unweighted high school grade point average of~~

~~2. Attain a composite ACT score of at least 19 on any single ACT test date, or a combined~~

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- (42) ~~To be eligible for a Tennessee HOPE scholarship as an entering freshmen, a student who completes high school in a Tennessee home school program after December 1, 2003, who obtains a GED after December 1, 2003, or who graduates from a high school located in Tennessee that is not an eligible high school after December 1, 2003, shall meet the requirements of T.C.A. § 49-4-908. This paragraph, effective as of December 1, 2004, applies to student HOPE Scholarship eligibility as an entering freshman for students completing a Tennessee home school program, obtaining a GED, graduating from a Tennessee high school that is not an eligible high school, or choosing to seek enrollment in a postsecondary institution in lieu of completing high school requirements. To be eligible for the HOPE award, the student must:~~

~~(a) Meet the general eligibility requirements of Rule 1640-1-19-.04; and~~

~~(b) No later than 16 months following completion of the respective high school requirements:~~

~~1. Apply for a Tennessee HOPE Scholarship as provided in Rule 1640-1-19-.03; and~~

~~2. Enroll in an eligible postsecondary institution; and~~

~~3. Satisfy one of the following requirements:~~

~~(i) Attain a composite ACT score of at least 21 on any single ACT test date, or a combined SAT score of at least 980 on any single SAT test date taken prior to enrolling in a postsecondary institution, if such student completed high school in a Tennessee home school program or graduated from a high school located in Tennessee that is not an eligible high school; or~~

~~(ii) Pass the GED tests with an average score of at least 525, and attain a composite ACT score of at least 21 on any single ACT test date, or a combined SAT score of at least 980 on any single SAT test date taken prior to enrolling in a postsecondary institution.~~

- (53) ~~To be eligible for a Tennessee HOPE scholarship, a student who graduates from an eligible high school, who graduates from a high school located in Tennessee that is not an eligible high school, who completes high school in a Tennessee home school program, or who obtains a GED after January 1, 2003, but prior to December 1, 2003, shall meet the requirements of T.C.A. § 49-4-909. This paragraph applies to student HOPE Scholarship eligibility as an entering freshman for students completing high school after January 1, 2003, but prior to December 1, 2003. HOPE award eligibility requirements for various student subgroups are as follows:~~

~~(a) Students graduating from an eligible high school shall, no later than the fall semester immediately following graduation, be required to:~~

~~1. Apply for a Tennessee HOPE Scholarship as provided by Rule 1640-1-19-.03; and~~

~~2. Enroll in an eligible postsecondary institution; and~~

~~3. Satisfy one of the following requirements:~~

~~(i) Achieve a final overall unweighted high school grade point average of at least 3.0; or~~

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- ~~(ii) — Attain a composite ACT score of at least 19 on any single ACT test date or a combined SAT score of at least 890 on any single SAT test date taken prior to enrolling in a postsecondary institution.~~
- ~~(b) Students completing high school in a Tennessee home school program, graduating from a high school located in Tennessee that is not an eligible high school, or choosing to seek enrollment in a postsecondary institution in lieu of completing high school requirements shall, no later than the fall semester immediately following graduation, completion of the home school program, or the last class taken toward high school requirements shall be required to:~~
- ~~1. Apply for a Tennessee HOPE Scholarship as provided by Rule 1640-1-19-.03; and~~
 - ~~2. Enroll in an eligible postsecondary institution; and~~
 - ~~3. Satisfy one of the following requirements:~~
 - ~~(i) Achieve a final overall unweighted high school grade point average of at least 3.0; or~~
 - ~~(ii) Attain a composite ACT score of at least 19 on any single ACT test date or a combined SAT score of at least 890 on any single test date taken prior to enrolling in a postsecondary institution.~~
- ~~(c) Students obtaining a GED shall pass the GED tests with an average score of at least 525 and shall, no later than the fall semester immediately following obtaining a GED, be required to:~~
- ~~1. Apply for a Tennessee HOPE Scholarship as provided by Rule 1640-1-19-.03; and~~
 - ~~2. Enroll in an eligible postsecondary institution; and~~
 - ~~3. Attain a composite ACT score of at least 19 on any single ACT test date or a combined SAT score of at least 890 on any single SAT test date taken prior to enrolling in a postsecondary institution.~~
- ~~(d) All students meeting the requirements of subparagraph (5)(a), (b), or (c) of this rule, shall also meet each of the following criteria:~~
- ~~1. Attend an eligible postsecondary institution or a postsecondary institution located outside of Tennessee that is accredited by a regional accrediting association during the 2003-2004 academic year without a Tennessee HOPE Scholarship and complete at least twenty-four (24) semester hours at such institution with a cumulative grade point average of 2.75; and~~
 - ~~2. Maintain satisfactory progress in a course of study in accordance with the standards and practices used for federal Title IV programs by the postsecondary institution in which the student enrolled.~~
- ~~(64) To be eligible for a TELS award, Sstudents entering active duty in the United States Armed Services within two (2) years after graduating from an eligible high school, graduating from a high school located in Tennessee that is not an eligible high school, completing high school in a Tennessee home school program or obtaining a GED, and otherwise meets the criteria~~

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~~outlined in this rule may apply for a TELS award if the student shall meet the requirements of T.C.A. § 49-4-918. ÷~~

- ~~(a) —Applies within seven years of the student’s date of entry into military service, or within one year of the student’s honorable discharge from military service, whichever comes first; and~~
- ~~(b) —After graduation from high school, did not attend a postsecondary institution prior to entering military service.~~
- (75) A student who is a Tennessee citizen and a dependent child of a full-time military parent may be eligible for a Tennessee HOPE Scholarship as an entering freshman as provided in this paragraph. ~~This paragraph shall apply to a student who is the dependent child of a military parent or the dependent child of a full time religious worker.~~
- ~~(a) —Students who are a Tennessee citizen and a dependent child of a military parent may be eligible for a Tennessee HOPE Scholarship as an entering freshman as provided in this subparagraph.~~
- 1.(a) Such students may be eligible if they meet all eligibility requirements for a HOPE Scholarship except that:
- ~~(i)1.—While the parent is a military parent, the student does not reside in Tennessee immediately preceding the date of application for financial assistance; and~~
- ~~(ii)2.—The student did not graduate from an eligible high school as defined in ~~rule 1640-1-19-.01(17)~~T.C.A. § 49-4-902, an ineligible high school, a Tennessee home school or obtain a GED.~~
- 2.(b) Students who graduated from a high school outside of Tennessee may nevertheless be eligible if the high school was:
- ~~(i)1. Operated by the United States; or~~
- ~~(ii)2. Accredited by the appropriate regional accrediting association for the state in which the school is located; or~~
- ~~(iii)3. Accredited by an accrediting association recognized by the foreign nation in which the school is located.~~
- 3.(c) Students graduating from high schools outside Tennessee who do not meet the requirements of part 2. of subparagraph ~~(ab)~~ may still be eligible for the HOPE Scholarship if they completed high school in a home school program or obtained a GED.
- ~~4.—For purposes of this subparagraph (a), the following definitions apply:~~
- ~~(i) —“Dependent child” means a natural or adopted child or stepchild whom a military parent claims as a dependent for federal income tax purposes; who is under twenty one (21) years of age; and who resides in another state or nation only while the military parent is engaged in active military service, on full time national guard duty, or actively employed by the U.S. Department of Defense.~~

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~~(ii) "Military parent" means a parent of a dependent child who is:~~~~(I) A member of the armed forces engaged in active U.S. military service and stationed on active duty outside Tennessee; or~~~~(II) A member of the Tennessee National Guard engaged in active U.S. military service and stationed on active duty outside Tennessee; or~~~~(III) A full time civilian employee of the Department of Defense working outside Tennessee.~~~~(iii) "Tennessee National Guard" means any federally recognized unit of the Tennessee Army or Air National Guard.~~~~5.(d) Sub~~Paragraph (a5) shall only apply to:~~(i)1.~~ Dependent children of members of the armed forces or Tennessee National Guard whose home of record, at the time of entry into military service, is Tennessee; and~~(ii)2.~~ Dependent children of full-time civilian employees of the U.S. Department of Defense, who are Tennessee residents.~~(b)(6)~~ A student who is a Tennessee citizen and a dependent child of a full-time religious worker may be eligible for a Tennessee HOPE Scholarship as an entering freshman as provided in this ~~sub~~paragraph.~~1.(a)~~ Such student must meet all Tennessee HOPE Scholarship eligibility requirements except that:~~(i)1.~~ While the student's parent is serving in another nation as a religious worker, the student does not reside in Tennessee immediately preceding the date of application for financial assistance; and~~(ii)2.~~ The student did not graduate from an eligible high school as defined in ~~rule 1640-1-19-.01(17)~~T.C.A. § 49-4-902, an ineligible high school, a Tennessee home school or obtain a GED.~~2.(b)~~ To be eligible for the Tennessee HOPE Scholarship under this ~~sub~~paragraph (b6), the student must:~~(i)1.~~ Graduate from a high school in the foreign nation where the student's parent is a religious worker that is accredited by a regional accrediting association as defined ~~by~~ in T.C.A. § 49-4-902(24) and meet the academic eligibility requirements of T.C.A. § 49-4-907(3); or~~(ii)2.~~ Complete high school in a home school in the foreign nation where the student's parent is a religious worker and meet the academic requirements of T.C.A. § 49-4-908(2)(A).~~3. As used in this subparagraph (b):~~

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- ~~(i) “Dependent child” means a natural or adopted child or stepchild whom the parent, who is a religious worker, claims as a dependent for federal income tax purposes; who is under twenty one (21) years of age; and who resides in another nation only while the parent is actively engaged in full-time religious work; and~~
- ~~(ii) “Religious worker” means a person sent to another country by a church, religious denomination or other religious organization to spread its faith or to do social or medical work.~~
- 4.(c) ~~Subp~~Paragraph (b6) only applies to dependent children of religious workers who are engaged in full-time religious work in another nation for more than one (1) year and who were Tennessee residents before leaving the U.S. to do religious work and intend to return to Tennessee upon completion of their assignment as a religious worker.
- (87) ~~To be eligible for a Tennessee HOPE Scholarship, Beginning with the Fall 2005 semester a non-traditional student who is an entering freshman shall meet the requirements of T.C.A. § 49-4-931. as those terms are defined in these rules, may become eligible for a Tennessee HOPE Scholarship. In addition to the general eligibility requirements of Rule 1640-1-19-.04, the non-traditional student must have an adjusted gross income attributable to the student that does not exceed thirty six thousand dollars (\$36,000) and attend an eligible postsecondary institution as a full or part time student, as those terms are defined in these rules, and attempt at least twenty four (24) semester hours. If the student achieves a 2.75 grade point average at the end of the semester in which twenty-four (24) hours are attempted, the student shall be eligible for a Tennessee HOPE Scholarship in subsequent semesters if the following additional requirements are met:~~
- ~~(a) Applies for the Tennessee HOPE Scholarship as provided in Rule 1640-1-19-.03;~~
- ~~(b) Has an adjusted gross income attributable to the student that does not exceed thirty six thousand dollars (\$36,000);~~
- ~~(c) Is continuously enrolled in an eligible postsecondary institution as a full or part time student, as those terms are defined in these rules;~~
- ~~(d) Meets the applicable retention requirements of Rule 1640-1-19-.12; and~~
- ~~(e) Maintains satisfactory progress in a course of study in accordance with the standards and practices used for federal Title IV programs at the postsecondary institution attended.~~
- (9) ~~A non-traditional student who does not meet the grade point average requirement of paragraph (78) of this rule, shall be eligible for a Tennessee HOPE Scholarship if the student achieves a cumulative grade point average of at least 3.0 at the end of any semester in which eligibility is reviewed under Rule 1640-1-19-.12, provided the student continues to meet the provisions of paragraph (78)(a), (b), (c), and (e) of this rule.~~
- (10) ~~A non-traditional student shall not be eligible for either the ASPIRE award or the General Assembly Merit Scholarship award.~~
- (148) To be eligible for a Tennessee HOPE Scholarship, ~~eligibility for~~ students graduating from a high school located in a neighboring state in a county contiguous to Tennessee ~~is as follows:~~ shall meet the requirements of T.C.A. § 49-4-935.

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- (a) ~~Students are eligible for a Tennessee HOPE Scholarship as an entering freshman notwithstanding the provisions of T.C.A. §49-4-905(b)(2), if the student:~~
- ~~1. Is a citizen of Tennessee; and~~
 - ~~2. Has been a Tennessee resident, as defined by the Tennessee Board of Regents regulations promulgated under § 49-8-104, for one (1) year immediately preceding the date of graduation from high school, and remains a Tennessee resident between graduation from high school and enrollment in an eligible postsecondary institution; and~~
 - ~~2. Is not ineligible for the scholarship under § 49-4-904; and~~
 - ~~3. Attains a composite ACT score of at least 21 on any single ACT test date or a combined SAT score of at least 980 on any single SAT test date; and~~
 - ~~4. Applies for a Tennessee HOPE Scholarship; and~~
 - ~~5. Is admitted to and enrolls in an eligible postsecondary institution no later than sixteen (16) months after graduating from high school.~~
- (b) ~~Students who are eligible for a HOPE Scholarship under this Rule 1640-1-19-.05(11)(a) shall not be eligible for a General Assembly Merit Scholarship.~~
- (c) ~~Such students, if they chose to attend a regionally accredited postsecondary institution located outside of Tennessee without a HOPE Scholarship, may be eligible for a HOPE Scholarship as a transfer student. However, the student must meet all requirements of T.C.A. §49-4-929 other than any requirements pertaining to the type of high school from which the student graduated.~~
- (d) ~~This rule, 1640-1-19-.05(11) shall not be interpreted to make an out of state public secondary school located in a county bordering Tennessee that Tennessee residents are authorized to attend under T.C.A. §49-6-3108, an ineligible high school.~~

Authority: T.C.A. §§49-4-201, 49-4-905, 49-4-907, 49-4-908, 49-4-909, 49-4-910, 49-4-918, 49-4-924, 49-4-926, 2005 Tenn. Pub. Acts Ch. 481, §§2-11, 13, 18-21, 26 and 30 and 2006 Tenn. Pub. Acts Ch. 974, §§4-6.

Administrative History: Original rule filed December 29, 2003; effective April 29, 2004. Amendments filed October 21, 2004; effective February 28, 2005. Amendments filed January 25, 2005; effective May 31, 2005. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-1-19-.01 through 1640-1-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-1-19-.01 through 1640-1-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 30, 2006; expires May 14, 2007. Amendment filed November 30, 2006; effective March 30, 2007.

1640-1-19-.06 ELIGIBILITY – TENNESSEE ASPIRE AWARD.

- (1) Except as provided in ~~1640-1-19-.05(10)~~T.C.A. § 49-4-931, any student eligible for the Tennessee HOPE Scholarship with an adjusted gross income attributable to the student that does not exceed the amount as described in T.C.A. § 49-4-915(a)(2) ~~thirty six thousand dollars (\$36,000)~~ will receive the ASPIRE award in addition to the base award. The adjusted gross income attributable to the student shall be reviewed each academic year to determine continuing eligibility for the ASPIRE award. Notwithstanding the provisions of Rule 1640-1-19-.12 to the contrary, a student otherwise eligible for the Tennessee HOPE Scholarship and meeting the requirements of this rule shall receive the ASPIRE award regardless of the student's eligibility for this grant in any prior

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year. A student eligible for both the ASPIRE award and the General Assembly Merit Scholarship shall be awarded the ASPIRE award, but shall not simultaneously receive both awards.

Authority: T.C.A. §§49-4-201, 49-4-915, 49-4-917, 49-4-924, and 2005 Tenn. Pub. Acts Ch. 481, 29.
Administrative History: Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-1-19-.01 through 1640-1-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-1-19-.01 through 1640-1-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 30, 2006; expires May 14, 2007. Amendment filed November 30, 2006; effective March 30, 2007.

1640-1-19-.07 ELIGIBILITY – GENERAL ASSEMBLY MERIT SCHOLARSHIP.

- (1) ~~Any student eligible for the Tennessee HOPE Scholarship and enrolled in a program leading to an associate or baccalaureate degree will also receive a General Assembly Merit Scholarship if the following criteria are met:~~ To be eligible for the General Assembly Merit Scholarship the student shall meet the requirements of T.C.A. § 49-4-916.
- (a) ~~Students graduating from an eligible high school after December 1, 2003, shall:~~
1. ~~Apply for the General Assembly Merit Scholarship as provided in Rule 1640-1-19-.03;~~
 2. ~~Attain a composite ACT score of at least 29 on any single ACT test date or a combined SAT score of at least 1280 on any single SAT test date taken prior to enrolling in a postsecondary institution; and~~
 3. ~~Achieve a final overall weighted high school grade point average of at least 3.75;~~
- (b) ~~Students completing high school in a Tennessee home school program after December 1, 2003, or graduating from a high school located in Tennessee that is not an eligible high school after December 1, 2003, shall:~~
1. ~~Attain a composite ACT score of at least 29 on any single ACT test date or a combined SAT score of at least 1280 on any single SAT test date taken prior to enrolling in a postsecondary institution;~~
 2. ~~During the course of a home school program or while attending high school, enroll in at least four (4) courses totaling at least twelve (12) semester hours at an eligible postsecondary institution. Such courses shall meet or be equivalent to courses meeting the minimum degree requirements of the Board of Regents, other than the minimum degree requirements pertaining to physical education; and~~
 3. ~~Achieve a cumulative grade point average of at least 3.0 for all courses attempted at any eligible postsecondary institution during the course of a home school program or while attending high school.~~
- (c) ~~Students graduating from an eligible high school after January 1, 2003, but prior to December 1, 2003, and seeking an associate or baccalaureate degree shall have:~~
1. ~~Achieved a final overall unweighted high school grade point average of at least 3.75; and~~
 2. ~~Attained a composite ACT score of at least 29 on any single ACT test date or a combined SAT score of at least 1280 on any single SAT test date;~~
 3. ~~Enrolled in either an eligible postsecondary institution or a postsecondary institution located outside of Tennessee that is accredited by a regional accrediting association during the 2003-2004 academic~~

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~~year and attempt at least twenty four (24) semester hours at such institution with a cumulative grade point average of 2.75;~~

- ~~4. Maintained satisfactory progress in a course of study in accordance with the standards and practices used for federal Title IV programs by the eligible postsecondary institution in which the student enrolled; and~~
- (2) Students eligible for both the ASPIRE award and the General Assembly Merit Scholarship shall be awarded the ASPIRE award, but shall not simultaneously be awarded both.
- ~~(3) Failure to retain the General Assembly Merit Scholarship for any reason shall result in the permanent loss of the award. Additionally, if a student loses the General Assembly Merit Scholarship for any reason other than failure to maintain the required cumulative grade point average, then the student shall not be able to regain either the Tennessee HOPE Scholarship or the General Assembly Merit Scholarship.~~
- (34) A student eligible for a Tennessee HOPE Scholarship under Rule 1640-1-19-.05~~(118)~~ shall not be eligible for a General Assembly Merit Scholarship supplemental award under T.C.A. § 49-4-916.

Authority: T.C.A. §§49-4-201, 49-4-916, 49-4-917, 49-4-924, and 2006 Tenn. Pub. Acts Ch. 974, §6.
Administrative History: Original rule filed December 29, 2003; effective April 29, 2004. Amendments filed October 21, 2004; effective February 28, 2005. Amendments filed January 25, 2005; effective May 31, 2005. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-1-19-.01 through 1640-1-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-1-19-.01 through 1640-1-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 30, 2006; expires May 14, 2007. Amendment filed November 30, 2006; effective March 30, 2007.

1640-1-19-.08 ELIGIBILITY – TENNESSEE HOPE ACCESS GRANT.

- (1) In addition to the general eligibility requirements in Rule 1640-1-19-.04, to be eligible for a Tennessee HOPE ~~Acess~~-Grant a student shall ~~meet the requirements of T.C.A. § 49-4-920.:~~
- ~~(a) Have an adjusted gross income attributable to the student that does not exceed thirty six thousand dollars (\$36,000);~~
- ~~(b) Apply for a Tennessee HOPE access grant as provided in Rule 1640-1-19-.03;~~
- ~~(c) Graduate from an eligible high school after December 1, 2003, upon having completed curriculum requirements of the high school for graduation;~~
- ~~(d) Achieve a final overall unweighted high school grade point average of at least 2.75;~~
- ~~(e) Attain a composite ACT score of at least 18 on any single ACT test date or a combined SAT score of at least 860 on any single SAT test date taken prior to enrolling in a postsecondary institution; and~~
- ~~(f) Be admitted to and enroll in an eligible postsecondary institution no later than sixteen (16) months after graduation from high school.~~

Authority: §§49-4-201, 49-4-920 and 49-4-924. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Amendments filed October 21, 2004; effective February 28, 2005. Public necessity rule

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filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-1-19-.01 through 1640-1-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-1-19-.01 through 1640-1-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 30, 2006; expires May 14, 2007. Amendment filed November 30, 2006; effective March 30, 2007.

1640-1-19-.09 ELIGIBILITY – TENNESSEE HOPE FOSTER CHILD GRANT.

- (1) In addition to the general eligibility requirements in Rule 1640-1-19-.04, ~~to be eligible for the Tennessee HOPE Foster Child Grant a student shall meet the requirements of T.C.A. § 49-4-933. and the applicable eligibility requirements of the Tennessee HOPE Scholarship and the Tennessee HOPE Access Grant, to be eligible for a Tennessee HOPE Foster Child Grant, a student shall present the Corporation with official certification from the Department of Children's Services that the student meets the eligibility requirement for the tuition grant.~~
- (2) Applicants shall apply for all available financial aid, including grants, scholarships, loans, work-study, and funds provided through the Federal Foster Care Independence Act of 1999 (Chafee Education and Training Voucher).
- ~~(3) The amount of the grant shall equal the Cost of Attendance less all other student financial assistance from all sources, subject to the following limitations:~~
 - ~~(a) At a public postsecondary institution, the grant shall not exceed the cost of tuition and mandatory fees.~~
 - ~~(b) At an independent postsecondary institution, the grant shall not exceed the statewide weighted average cost of tuition and mandatory fees applicable at a 2 year or 4 year public postsecondary institution.~~
- ~~(4) Subject to meeting retention standards provided by these rules for a TELS award, the student shall be eligible for the Tennessee HOPE foster child tuition grant:~~
 - ~~(a) For a period of no more than four (4) years after the date of graduation from high school or equivalent; and~~
 - ~~(b) For a period of six (6) years after admittance to an eligible postsecondary institution, if, except as provided by Rule 1640-1-19-.20 or 1640-1-19-.21, the student maintains satisfactory progress in a course of study in accordance with the standards and practices used for Title IV programs by the postsecondary institution in which the student is currently enrolled.~~
- ~~(5) Nothing in these rules shall be construed to guarantee acceptance by, or entrance into, any eligible postsecondary institution for youth in, or formerly in, the custody of the state or limit the participation of a youth in, or formerly in, the custody of the state in any other program of financial assistance for postsecondary education.~~

Authority: T.C.A. §§49-4-201, 49-4-924, 2005 Tenn. Pub. Acts Ch. 481, §33 and 2006 Tenn. Pub. Acts Ch. 869, §2. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-1-19-.01 through 1640-1-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-1-19-.01 through 1640-1-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 30, 2006; expires May 14, 2007. Amendment filed November 30, 2006; effective March 30, 2007.

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(Rule 1640-1-19-.9, continued)

1640-1-19-.10 ELIGIBILITY – WILDER-NAIFEH TECHNICAL SKILLS GRANT.

- (1) In addition to the general eligibility requirements in Rule 1640-1-19-.04, to be eligible for a Wilder-Naifeh technical skills grant a student shall meet the requirement of T.C.A. § 49-4-921. ~~seeking a diploma or certificate at a Tennessee Technology Center operated by the Board of Regents shall:~~
- ~~(a) Be admitted to the institution in a program of study leading to a certificate or diploma; and~~
 - ~~(b) Have not, at any time, been the recipient of a Tennessee HOPE Scholarship or completed a certificate or diploma with a Wilder-Naifeh Technical Skills Grant.~~
- ~~(2) No minimum number of hours of enrollment is required for eligibility for a Wilder-Naifeh technical skills grant.~~
- ~~(3) An eligible student may receive a Wilder-Naifeh technical skills grant for all course work required by the institution for a program of study leading to a certificate or diploma. Wilder-Naifeh technical skills grants may not be used for continuing education courses.~~

Authority: T.C.A. §§49-4-921 and 49-4-924. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Amendment filed October 21, 2004; effective February 28, 2005. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-1-19-.01 through 1640-1-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-1-19-.01 through 1640-1-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006.

1640-1-19-.11 ELIGIBILITY – TENNESSEE DUAL ENROLLMENT GRANT.

- (1) To be eligible for a Tennessee Dual Enrollment grant a student shall meet the requirements of T.C.A. § 49-4-930.:
- ~~(a) Be a Tennessee citizen; and~~
 - ~~(b) Be a Tennessee resident, as defined by Chapter 0240-2-2, Classifying Students In State and Out of State, as promulgated by the Board of Regents, for one year as of September 1 of the academic year of enrollment in an eligible postsecondary institution; students enrolling in a Tennessee Technology Center must be a Tennessee resident one year prior to date of term enrollment; and~~
 - ~~(c) Be admitted to an eligible postsecondary institution; and~~
 - ~~(d) Not be incarcerated.~~
- (2) The student must have completed all of the academic requirements of the 10th grade (high school sophomore) and be classified as an 11th grader (high school junior) or 12th grader (high school senior) by the student's high school or home school program.
- (3) The student must not have already received a high school diploma or GED diploma.
- (4) A student's participation in the Tennessee Dual Enrollment Grant program is limited to the remaining amount of time normally required to complete the high school diploma, from the time of initial participation in the program. The grant is available for the regular fall and spring semesters, and for

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(Rule 1640-1-19-.11, continued)

summer semesters prior to graduation from high school for those students who did not exceed the maximum award during the regular school year.

Authority: T.C.A. §§49-4-201, 49-4-924 and 2005 Tenn. Pub. Acts Ch. 481. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-1-19-.01 through 1640-1-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-1-19-.01 through 1640-1-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 30, 2006; expires May 14, 2007. Amendment filed November 30, 2006; effective March 30, 2007.

1640-1-19-.12 RETENTION OF AWARDS – GENERAL REQUIREMENTS.

- (1) To retain a TELS award authorized by this chapter, a student at an eligible postsecondary institution shall continue to meet all applicable requirements for the scholarship and shall reapply by completing the FAFSA or Renewal FAFSA pursuant to Rule 1640-1-19-.03 for the applicable award for each academic year.
- (2) Eligibility shall also be reviewed at the end of the semester in which the student has attempted a total of twenty-four (24), forty-eight (48), seventy-two (72), or ninety-six (96) semester hours. At the end of the semester in which the student has attempted a total of twenty-four (24) semester hours, the student shall have achieved a cumulative grade point average of at least 2.75 to continue to receive the TELS award. At the end of the semester in which the student has attempted a total of forty-eight (48), seventy-two (72), or ninety-six (96) semester hours, the student shall achieve a cumulative grade point average of at least 3.0 to continue to receive the TELS award.
- (3) Except as provided in paragraph (4) of this rule and Rules 1640-1-19-.20 and 1640-1-19-.21-which outline appropriate justification for medical and personal leaves of absence, a student may receive a Tennessee HOPE Scholarship until a terminating event as described in T.C.A. § 49-4-913 occurs. ~~the first of the following events:~~
 - ~~(a) The student has earned a baccalaureate degree;~~
 - ~~(b) The student has attempted at any postsecondary institution a total of one hundred twenty (120) semester hours;~~
 - ~~(c) Five years have passed from the date of the student's initial enrollment at any postsecondary institution.~~
- (4) The attempted credit hour limitation includes remedial and developmental studies and all regular college credit courses attempted after high school graduation. If a student enters the semester with less than one hundred twenty (120) semester hours attempted and will surpass the one hundred twenty (120) semester hours limit, he or she is eligible for payment for the full number of hours enrolled for that semester. If the student is enrolled in a specific undergraduate degree program that is designed to be more than one hundred twenty (120) semester hours in length, the student is eligible for a total of one hundred thirty-six (136) semester hours attempted, or the number of hours required for graduation, whichever is less. The student shall achieve a cumulative grade point average of 3.0 at the end of the semester in which the student has attempted one hundred twenty (120) semester hours to continue to receive the scholarship. The student is eligible for payment for the full number of hours enrolled in the final semester. Regardless of the number of hours attempted, once the student has earned a bachelor's degree, he or she is ineligible for additional TELS awards.
- (5) A student who meets all other requirements for fourth or fifth year eligibility except that he or she is classified at the professional level rather than as an undergraduate, and has not been awarded a

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(Rule 1640-1-19-.12, continued)

baccalaureate degree, is eligible if he or she was accepted into the professional level program of study that is an extension of the student's bachelor's degree program. Such student is eligible for a total of one hundred thirty-six (136) semester hours, or the number of hours required for the degree, whichever is less.

- (6) If a student ceases to be eligible for any TELS award, except the General Assembly Merit Scholarship, due to failure to achieve the cumulative grade point average required at the end of the semester in which the student has attempted twenty-four (24), forty-eight (48), seventy-two (72), ninety-six (96), or one hundred twenty (120) semester hours, the student may regain the applicable award or awards by:
- (a) Continuing to meet all applicable non-academic requirements for the applicable award or awards,
 - (b) Maintaining continuous enrollment at an eligible postsecondary institution without the applicable award or awards,
 - (c) Achieving a cumulative grade point average of at least 3.0 at the end of any semester in which eligibility would have been reviewed, had the student not lost the award or awards,
 - (d) Reapplying for the scholarship as provided in Rule 1640-1-19-.03.
- (7) The provisions of paragraph (6) of this rule shall also apply to any student who:
- (a) Completed high school requirements after December 1, 2003, who, for whatever reason, did not receive a TELS award, notwithstanding the fact that the student met the applicable initial eligibility requirements of Rule 1640-1-19-.05~~(2), (3), or (4)~~(1); or
 - (b) Completed high school requirements after January 1, 2003 and prior to December 1, 2003, who completed at least twenty-four (24) semester hours during the 2003-2004 academic year with a cumulative grade point average under 2.75, but met all other applicable initial eligibility requirements of Rule 1640-1-19-.05~~(453)~~, and is otherwise eligible for the award.
- (8) No retroactive awards shall be made for semester hours attempted in order to regain the scholarship.
- (9) A student can utilize the option outlined in paragraph (6) of this rule only one time. A student who, after regaining the award or awards pursuant to paragraph (6) of this rule, subsequently fails to retain any TELS award due to failure to achieve the cumulative grade point average at a regular credit hour checkpoint shall not be eligible to regain the TELS award or become eligible for another TELS award.
- (10) Except as provided by Rule 1640-1-19-.20 or 1640-1-19-.21, a student receiving a TELS award provided by this chapter shall maintain continuous enrollment at an eligible postsecondary institution and maintain satisfactory progress in a course of study in accordance with the standards and practices used for Title IV programs by the postsecondary institution in which the student is currently enrolled.

Authority: T.C.A. §§49-4-201, 49-4-909, 49-4-911, 49-4-912, 49-4-913, 49-4-920, 49-4-921, 49-4-924, and 2005 Tenn. Pub. Acts Ch. 481. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-1-19-.01 through 1640-1-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-1-19-.01 through 1640-1-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 30, 2006; expires May 14, 2007. Amendment filed November 30, 2006; effective March 30, 2007.

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(Rule 1640-1-19-.08, continued)

1640-1-19-.13 RETENTION OF AWARDS – TENNESSEE HOPE ACCESS GRANT.

- (1) In addition to the general requirements for retention of award in Rule 1640-1-19-.12:
- (a) A Tennessee HOPE ~~A~~access ~~G~~grant shall be awarded to an eligible student only until the end of the semester in which the student has attempted a total of twenty-four (24) semester hours. A student who is eligible for a Tennessee HOPE Scholarship shall be ineligible for a Tennessee HOPE ~~A~~access ~~G~~grant.
 - (b) If a student receiving a Tennessee HOPE ~~A~~access ~~G~~grant has achieved a cumulative grade point average of at least 2.75 at the end of the semester in which the student has attempted twenty-four (24) semester hours, the student shall be eligible for a Tennessee HOPE Scholarship. The student will also receive the ASPIRE award referenced in Rule 1640-1-19-.06, if the adjusted gross income attributable to the student at the time of review does not exceed ~~the amount described in T.C.A. § 49-4-915(a)(2). thirty six thousand dollars (\$36,000).~~
 - (c) If a student ceases to be eligible due to failure to achieve the cumulative grade point average required at the end of the semester in which the student has attempted twenty-four (24) semester hours, the student may be eligible to regain the HOPE Scholarship by following the procedure outlined in Rule 1640-1-19-.12(6).
 - (d) A student may receive a Tennessee HOPE Scholarship after having received a Tennessee HOPE ~~A~~access ~~G~~grant until a terminating event as described in T.C.A. § 49-4-913 occurs. ~~the first of the following events:~~
 - ~~1. The student has earned a baccalaureate degree;~~
 - ~~2. The student has attempted at any postsecondary institution a total of one hundred twenty (120) semester hours, or if the student is enrolled in an undergraduate degree program required to be more than one hundred twenty (120) semester hours in length, that student is eligible for a total of one hundred thirty six (136) semester hours attempted, or the number of hours required for graduation, whichever is less; or~~
 - ~~3. Five years from the date of the student's initial enrollment at any postsecondary institution have passed.~~

Authority: T.C.A. §§49-4-920, 49-4-924, and Public Chapter 481, Acts of 2005. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-1-19-.01 through 1640-1-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-1-19-.01 through 1640-1-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006.

1640-1-19-.14 RETENTION OF AWARDS – TENNESSEE DUAL ENROLLMENT GRANT.

- (1) To be eligible for a dual enrollment grant for a semester beyond the first semester of receipt, the student shall ~~reapply and~~ continue to meet all eligibility requirements for the grant and shall achieve a cumulative grade point average of 2.75 for all postsecondary courses attempted under a dual enrollment grant.

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**This is a draft version of the TELS rules, with changes proposed by TSAC staff. Black text represents the official March, 2007 (Revised) rules as they currently exist. Red and redline text represents the changes proposed to existing text.*

(Rule 1640-1-19-.14, continued)

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

Authority: Public Chapter 481, Acts of 2005. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-1-19-.01 through 1640-1-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-1-19-.01 through 1640-1-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006.

1640-1-19-.15 TENNESSEE EDUCATION LOTTERY SCHOLARSHIP AWARD PROCESS.

- ~~(1) On or before June 15 of each year, all Tennessee high schools and home school programs shall utilize available services provided by the corporation or other partnering agencies to submit the name, social security number, grade point averages, and highest composite ACT/SAT scores for academically eligible students, cumulative at least through the seventh semester.~~
- (21) On or before ~~September 1~~ June 30 of each year, all Tennessee high schools shall submit the name, social security number, grade point averages, and highest composite ACT/SAT score on any single test date, for academically eligible students, ~~revise and submit to the Corporation the information required of each in the paragraph 1 of this rule,~~ cumulative through the eighth semester. Students who graduate from summer school shall have their information reported to TSAC on or before August 15 of each year.
- (32) Eligible postsecondary institutions that enroll students receiving scholarships or grants shall assist in providing and certifying student information necessary for administering, receiving, and evaluating such programs.

Authority: T.C.A. §§49-4-903 and 49-4-924. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-1-19-.01 through 1640-1-19-.26 filed October 4, 2005, expired on March 18, 2006. On March

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(Rule 1640-1-19-.14 continued)

19, 2006, rules 1640-1-19-.01 through 1640-1-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006.

1640-1-19-.16 CONTINUATION OF TENNESSEE EDUCATION LOTTERY SCHOLARSHIP AWARD.

- (1) All students receiving a TELS award shall reapply for the award by filing a FAFSA or Renewal FAFSA as provided in Rule 1640-1-19-.03 for each subsequent year.
- (2) During the certification process, all eligible postsecondary institutions shall certify the number of credit hours attempted and the cumulative grade point average of all students receiving a TELS award at the end of the semester at which the student has attempted twenty-four (24), forty-eight (48), seventy-two (72), ninety-six (96), or one hundred twenty (120) semester hours.

Authority: T.C.A. §§49-4-903, 49-4-911, and 49-4-924. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Amendment filed October 21, 2004; effective February 28, 2005. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-1-19-.01 through 1640-1-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-1-19-.01 through 1640-1-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006.

1640-1-19-.17 AWARD MADE IN ERROR.

~~If a student receives a TELS award and it is later determined that all or a portion of the award was made in error, the student shall be required to reimburse the eligible postsecondary institution for the amount of the award made in error. The eligible postsecondary institution shall provide the student with a notice indicating the amount to be refunded. Additionally, the eligible postsecondary institution shall notify the Corporation of the charge back, which shall be noted on the student's record. The eligible postsecondary institution shall also be responsible for obtaining repayment from the student. The student will be ineligible for student aid from the Corporation until the refund is paid.~~

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

Authority: T.C.A. §49-4-924. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-1-19-.01 through 1640-1-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-1-19-.01 through 1640-1-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006.

1640-1-19-.18 REFUND POLICY.

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(Rule 1640-1-19-.17 continued)

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

Authority: T.C.A. §49-4-924. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-1-19-.01 through 1640-1-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-1-19-.01 through 1640-1-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006.

1640-1-19-.19 CONVERTING FROM FULL-TIME TO PART-TIME ENROLLMENT.

- (1) Students enrolled in a full-time status, as of institutionally defined census date, may not convert to part-time status within the same semester and receive a scholarship award for the succeeding semesters unless the student requests and the institution approves the change to part-time status.
- (2) An institution may allow a change from full-time to part-time status within the same semester only when there are documented medical or personal grounds. Such medical or personal grounds shall include, but not be limited to, illness of the student, illness or death of an immediate family member, extreme financial hardship of the student or student's immediate family, or other extraordinary circumstances beyond the student's control where continued full-time attendance by the student creates a substantial hardship.
- (3) Each eligible postsecondary institution shall adopt procedures for considering student requests for change from full-time to part-time status within the semester. In the event an institution denies a student's request to change from full-time status to part-time status within a semester, the student may appeal the decision pursuant to Rule 1640-1-19-.26.
- (4) In the event that the decision to deny the change of status is upheld through the appeals process, the student shall be ineligible to regain the TELS award or become eligible for another TELS award.
- (5) In the event the change to part-time status is approved, the eligible postsecondary institution shall apply its refund policy to determine whether a refund may be required and/or funds returned to the Corporation. The eligible postsecondary institution shall provide the student with a notice indicating the amount to be returned to the Corporation. Additionally, the eligible postsecondary institution shall notify the Corporation of the charge back, which shall be noted on the student's record.
- (6) For the purposes of this rule, only courses that are included in the calculation of the grade point average pursuant to Rule 1640-1-19-.22 are to be considered in determining full-time status.

Authority: T.C.A. §§49-4-911, 49-4-912, and 49-4-924. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-1-19-.01 through 1640-1-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-1-19-.01 through 1640-1-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006.

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(Rule 1640-1-19-.08, continued)

1640-1-19-.20 PERSONAL OR MEDICAL LEAVE OF ABSENCE.

- (1) A student may be granted medical or personal leaves of absence from attendance at an eligible postsecondary institution and resume receiving an award(s) upon resumption of the student's attendance at an eligible postsecondary institution so long as all other applicable eligibility criteria are met. Each eligible postsecondary institution shall adopt procedures for considering student requests for leaves of absence. An eligible postsecondary institution may grant leaves of absence only for medical or personal reasons. In addition to the reasons outlined in Rule 1640-1-.18, allowable medical or personal reasons shall include, but not be limited to, illness of the student, illness or death of an immediate family member, extreme financial hardship of the student or student's immediate family, to fulfill a religious commitment expected of all students of that faith, or other extraordinary circumstances beyond the student's control where continued attendance by the student creates a substantial hardship. Acceptable reasons shall also include a student's participation in an internship or co-op program that is required or encouraged as part the academic program in which he/she is enrolled. In the event an institution denies a student's request for a medical or personal leave of absence, the student may appeal the decision in accordance with Rule 1640-1-19-.26.
- (2) ~~A~~sStudents granted a medical or personal leave of absence who resumes their education at an eligible postsecondary institution shall retain TELS award eligibility until a terminating event as described in T.C.A. § 49-4-913 occurs. ~~the first of the following events:~~
- ~~(a) ——— The student has earned a baccalaureate degree;~~
 - ~~(b) ——— The student has attempted at any postsecondary institution a total of one hundred twenty (120) semester hours, or if the student is enrolled in an undergraduate degree program required to be more than one hundred twenty (120) semester hours in length, that student is eligible for a total of one hundred thirty six (136) semester hours attempted, or the number of hours required for graduation, whichever is less; or~~
 - ~~(c) ——— The sum of the number of calendar years the student attended a postsecondary institution prior to the leave of absence and the number of calendar years of attendance after the leave of absence equals five calendar years.~~

Authority: T.C.A. §§49-4-903, 49-4-919, and 49-4-924. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-1-19-.01 through 1640-1-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-1-19-.01 through 1640-1-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006.

1640-1-19-.21 MILITARY MOBILIZATION OF ELIGIBLE STUDENTS.

- (1) Members of the United States Armed Services, National Guard, or Armed Forces Reserves receiving a TELS award who are mobilized for active duty during a semester that is already in progress shall be granted a personal leave of absence by the eligible postsecondary institution the student is attending and shall not have their TELS award eligibility negatively impacted.
- (2) If, as a result of being mobilized, a student elects to completely withdraw from an eligible postsecondary institution, then the hours attempted during the semester will not be taken into consideration for purposes of determining future TELS award eligibility.

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**This is a draft version of the TELS rules, with changes proposed by TSAC staff. Black text represents the official March, 2007 (Revised) rules as they currently exist. Red and redline text represents the changes proposed to existing text.*

(Rule 1640-1-19-.21, continued)

- (3) If due to a military mobilization the student elects to receive an “incomplete” in any or all courses, the provisions of Rule 1640-1-19-.22(13) shall apply.
- (4) Upon re-enrollment within one year following mobilization, the student’s TELS award eligibility will resume as if no break in enrollment had occurred and shall retain TELS award eligibility until a terminating event as described in T.C.A. § 49-4-913 occurs. ~~the first of the following events:~~
 - ~~(a) The student has earned a baccalaureate degree;~~
 - ~~(b) The student has attempted at any postsecondary institution a total of one hundred twenty (120) semester hours, or if the student is enrolled in an undergraduate degree program required to be more than one hundred twenty (120) semester hours in length, that student is eligible for a total of one hundred thirty six (136) semester hours attempted, or the number of hours required for graduation, whichever is less; or~~
 - ~~(c) The sum of the number of calendar years the student attended a postsecondary institution prior to the leave of absence and the number of calendar years of attendance after the leave of absence equals five calendar years.~~
- (5) An eligible postsecondary institution shall be authorized to consider a request for a leave of absence from a student whose spouse, child, father or mother is mobilized for active duty as a valid basis for a personal leave of absence. This request shall be made in accordance with the provisions of this rule. If the request is granted the student shall receive the same accommodations described above.
- (6) ~~Any~~ Tennessee residents attending an out-of-state institution, otherwise eligible, shall not have their TELS award eligibility negatively impacted by military mobilization upon their return to the state as a transfer student attending an eligible postsecondary institution.

Authority: T.C.A. §§49-4-903, 49-4-919, and 49-4-924. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-1-19-.01 through 1640-1-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-1-19-.01 through 1640-1-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006.

1640-1-19-.22 CALCULATION OF POSTSECONDARY CUMULATIVE GRADE POINT AVERAGE.

- (1) The postsecondary cumulative grade point average used to determine eligibility for a renewal of a TELS award, must be calculated by the institution the student is attending, utilizing its institutional grading policy and must be based on all credit hours attempted after high school graduation, except as otherwise provided in this rule.
- (2) All credit hours attempted at all postsecondary institutions the student has attended after graduating from high school and their corresponding grades must be included in the calculation of the postsecondary cumulative grade point average, regardless of whether the receiving institution will apply the credit hours toward the student’s degree requirements. Except as provided in subparagraph (a) of this paragraph, credit hours that were repeated shall be included in the postsecondary cumulative grade point average calculation, and are counted towards the limitation on credit hours.
 - (a) A student shall have a ~~one-time~~one-time option to repeat one course and utilize only the higher of the two grades in the calculation of their postsecondary grade point average for purposes of determining continued eligibility for a TELS award. The semester hours for both attempted courses, however, will be included in the one hundred twenty (120) semester hours limitation.

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(Rule 1640-1-19-.22, continued)

- (b) It shall be the responsibility of the student to advise the appropriate official of the eligible postsecondary institution when this option is being exercised.
- (3) Credit hours attempted prior to high school graduation, completion of a home school program in Tennessee or GED attainment, including those attempted with the Tennessee dual enrollment grant, do not count toward the limitation on semester hours provided in ~~Rule 1640-1-19-.12(3)~~ T.C.A. § 49-4-913, nor are the grades for those classes included in the postsecondary cumulative grade point average.
- (4) Credit hours earned by examination are not eligible for payment with TELS awards and shall not be included in the postsecondary cumulative grade point average or counted towards the limitation on credit hours provided in T.C.A. § 49-4-913~~Rule 1640-1-19-.12(3)~~.
- (5) Credit hours attempted as part of a diploma or certificate program of study are not considered to be college credit hours and therefore shall not be included in the postsecondary cumulative grade point average or counted towards the limitation on credit hours provided in T.C.A. § 49-4-913~~Rule 1640-1-19-.12(3)~~, unless those hours are accepted toward a degree.
- (6) Remedial and developmental studies and independent studies courses are eligible for payment with TELS awards and shall be included in the calculation of the postsecondary cumulative grade point average and shall be counted towards the limitation on credit hours provided in T.C.A. § 49-4-913~~Rule 1640-1-19-.12(3)~~.
- (7) Courses in which a student enrolls as an audit student for which no college credit will be received cannot be paid with a TELS award nor will the semester hours be included in the calculation of the postsecondary cumulative grade point average or in the credit hour limitation provided in T.C.A. § 49-4-913~~Rule 1640-1-19-.12(3)~~.
- (8) Continuing education courses are not eligible for payment with TELS awards and shall not be included in the postsecondary cumulative grade point average or counted towards the limitation on semester hours provided in T.C.A. § 49-4-913~~Rule 1640-1-19-.12(3)~~.
- (9) Students who obtain a grade change shall notify the financial aid office within thirty (30) calendar days of the grade change and request reinstatement of his/her award on a form developed by the institution for this purpose. If the grade change makes the student eligible for a TELS award, the student can be awarded retroactively in the current award year. If the grade change affects the student's eligibility from the previous award year, the TELS award may be adjusted in the current award year. The eligible postsecondary institution shall make necessary reductions in the student's financial aid package if the reinstatement of a TELS award results in either an over award of need based aid or exceeds the institution's cost of attendance for any semester. If the student's application for reinstatement is denied, he/she may appeal the decision in accordance with Rule 1640-1-19-.26.
- (10) A student enrolled in a matriculating status at an eligible postsecondary institution shall qualify for TELS award payment for distance ~~learning-education~~ courses if all other eligibility requirements are met. Students may take courses through more than one eligible postsecondary institution during the same semester. Payment for the distance ~~learning-education~~ courses shall be made in the same manner as transient students as provided in Rule 1640-1-19-.24.
- (11) A student enrolled in a matriculating status at an eligible postsecondary institution may qualify for TELS award payment while participating in an internship or co-op program if the student receives college credit from the internship or co-op experience and must pay tuition and fees. The semester hours shall be included in the postsecondary cumulative grade point average and count toward the limitation on credit hours as provided in T.C.A. § 49-4-913~~Rule 1640-1-19-.12(3)~~.

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(Rule 1640-1-19-.22, continued)

- (12) A student enrolled in a matriculating status at an eligible postsecondary institution may qualify for TELS award payment while participating in an alternative study or study abroad program if all other eligibility requirements are met. The eligible postsecondary institution which is the student's home institution must approve the alternative study or study abroad program for credit toward the student's degree and the number of hours that will be applied toward the degree prior to the student's departure.
- (13) Courses that appear on a student's transcript as an "incomplete" shall be considered credit hours attempted. The student's TELS award eligibility, however, shall be determined by excluding the credit hours attributable to the course for which an "incomplete" has been assigned from the cumulative grade point average calculation.
 - (a) If the student fails to retain eligibility for a TELS award as a result of the calculation, but later becomes eligible when the grade for the "incomplete" course is reported, the student is eligible to receive a TELS award retroactively within the award year and shall retain eligibility. Retroactive TELS awards for previous award years shall be added to the current award year. The eligible postsecondary institution shall, however, make necessary reductions in the student's financial aid package if the reinstatement of a TELS award results in either an over award of need based aid or exceeds the institution's cost of attendance for any semester. It shall be the responsibility of the student to notify the financial aid office at the eligible postsecondary institution that a grade has been awarded and request that the TELS award be reinstated. Each eligible postsecondary institution shall develop a standard form for use by students to comply with this provision. If the student's application for reinstatement is denied, he/she may appeal the decision in accordance with Rule 1640-1-19-.26.
 - (b) If the student retains eligibility for a TELS award as a result of the calculation, but later becomes ineligible when the grade for the "incomplete" course is reported, then the student shall be ineligible for all TELS awards. Additionally, the student shall reimburse the institution for TELS awards received in the interim.
- (14) If the student is otherwise eligible to receive a TELS award, but does not receive TELS funding, or TELS funding is reduced because his or her cost of attendance is covered by other aid, all credit hours attempted that semester shall still apply to the credit hour limitation provided in Rule 1640-1-19-.12(3).

Authority: T.C.A. §§49-4-201, 49-4-903, 49-4-924, and 2005 Tenn. Pub. Acts Ch. 481. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-1-19-.01 through 1640-1-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-1-19-.01 through 1640-1-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 30, 2006; expires May 14, 2007. Amendment filed November 30, 2006; effective March 30, 2007.

1640-1-19-.23 TRANSFER STUDENTS.

- (1) ~~A TELS recipient transferring from an eligible postsecondary institution to another is eligible for a TELS award if all eligibility requirements continue to be met at the postsecondary institution at which the student is currently enrolled.~~ To be eligible for a Tennessee HOPE scholarship as a transfer student from a regionally accredited postsecondary institution located outside of Tennessee, a student shall meet the requirements of T.C.A. § 49-4-929.

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(Rule 1640-1-2-.23, continued)

~~(2) Any student who was otherwise eligible for a TELS award upon completion of high school requirements based on the applicable provisions of these rules, but who enrolled in a regionally accredited out-of-state postsecondary institution may transfer to an eligible Tennessee postsecondary institution and receive a TELS awards. Any such student must meet the following:~~

~~(a) Maintain continuous enrollment and satisfactory academic progress; and~~

~~(b) If enrolled full time at the beginning of a semester, student must not drop to part time enrollment within that semester; or~~

~~(c) If enrolled part time at the beginning of a semester, student must not drop to less than part time enrollment within that semester.~~

(32) Any student who was initially eligible for a Tennessee HOPE Scholarship or HOPE Access Grant but who instead of enrolling at either an eligible 2-year or 4-year postsecondary institution enrolled at a Tennessee Technology Center and obtained the Wilder-Naifeh Technical Skills Grant and completed a diploma program is eligible for a HOPE Scholarship at either an eligible 2-year or 4-year postsecondary institution. The student must apply for a HOPE Scholarship within three (3) years of completing the diploma program.

(43) Hours taken by a student at a Tennessee Technology Center towards a diploma shall not count under the provisions of T.C.A. § 49-4-913 or § 49-4-920 as semester hours attempted for the purposes of calculating the number of semester hours for which a student may receive a Tennessee HOPE Scholarship, General Assembly Merit Scholarship or Tennessee HOPE Access Grant.

Authority: T.C.A. §§49-4-201, 49-4-910, 49-4-911, 49-4-924, 2005 Tenn. Pub. Acts Ch. 481, §14 and 2006 Tenn. Pub. Acts Ch. 980. **Administrative History:** Original rule filed December 29, 2003; effective April 29, 2004. Public necessity rule filed October 4, 2005; effective through March 18, 2006. Public necessity rules 1640-1-19-.01 through 1640-1-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-1-19-.01 through 1640-1-19-.26 reverted to rules in effect on October 3, 2005. Repeal and new rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 30, 2006; expires May 14, 2007. Amendment filed November 30, 2006; effective March 30, 2007.

1640-1-19-.24 TRANSIENT STUDENTS.

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

Authority: T.C.A. §§49-4-903 and 49-4-924. **Administrative History:** Public necessity rules 1640-1-19-.01 through 1640-1-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-1-19-.01 through 1640-1-19-.26 reverted to reserved status. Original rule filed November 9, 2005; effective March 30, 2006.

1640-1-19-.25 DENIAL OF INITIAL ELIGIBILITY – FAILURE TO TIMELY ENROLL.

(1) A student who fails to timely enroll in an eligible postsecondary institution as required by Rule 1640-1-19-.05 may be granted an exception if the student failed to meet the requirement for any

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(Rule 1640-1-19-.25, continued)

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

Authority: T.C.A. §§49-4-903 and 49-4-924. **Administrative History:** Public necessity rules 1640-1-19-.01 through 1640-1-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-1-19-.01 through 1640-1-19-.26 reverted to reserved status. Original rule filed November 9, 2005; effective March 30, 2006.

1640-1-19-.26 APPEAL AND EXCEPTION PROCESS.

- (1) Each eligible postsecondary institution shall establish an Institutional Review Panel (IRP) for the purposes of hearing appeals from decisions denying or revoking applicants' TELS award. Each eligible postsecondary institution shall establish written procedures for an applicant or recipient to appeal a decision of an eligible postsecondary institution to deny or revoke a TELS award. These procedures shall include, but not be limited to, the establishment and composition of the IRP and the process and timelines for appeals to the IRP. Each eligible postsecondary institution shall also establish a process to ensure students applying for or receiving a TELS award are notified of the procedures to appeal the denial or revocation of a TELS award including the timeframe within which an appeal must be filed with the TELS Award Appeals Panel. No eligible postsecondary institution official rendering a decision to deny or revoke a TELS award shall participate in the appeal process for the same applicant or recipient. The IRP may award or reinstate the student's TELS award without a hearing and shall make such determination no later than fourteen (14) calendar days after an applicant or recipient properly files an appeal. If the IRP determines that a hearing is required the IRP shall hear the appeal no later than fourteen (14) calendar days after an applicant or recipient properly files an appeal. Except where exigent circumstances exist, the IRP shall render a decision no later than seven calendar days after hearing an appeal. Such decision shall be reduced to writing and shall include a summary of the pertinent facts and issues and the panel's decision and reasons for the decision. The IRP shall provide a copy of the written decision to the appellant as soon as practicable. For the purposes of this rule, it will be presumed that the decision was delivered to the appellant two (2) calendar days after the decision was placed in the U.S. Postal Service addressed to the appellant's official mailing address according to the eligible postsecondary institution's records.
- (2) The Appeals Panel shall be appointed by the Corporation's Executive Director for purpose of hearing appeals from decisions rendered by the IRPs. No official of an eligible postsecondary institution shall sit as a member of the Appeals Panel where the denial or revocation being appealed involves such official's eligible postsecondary institution. A student seeking an appeal of a decision rendered by an IRP shall request an appeal, to include a written statement outlining the basis for the appeal as well as all pertinent information related to the appeal, with the Corporation within forty-five (45) calendar days from the date that the decision was delivered to the student. A complete record of the institutional IRP hearing shall be provided to the Corporation by the student. The Appeals Panel may award or reinstate the student's TELS award without a hearing. This decision shall be made no later than **thirty (30)** calendar days after an appeal is properly filed and the record from the IRP hearing is received. If the Appeals Panel determines that a hearing is required, it shall provide the appellant with notice of the hearing date, and such notice shall include the time and location of the hearing. The Appeals Panel shall hear the appeal no later than forty-five (45) calendar days after the appeal is properly filed, unless an extension is requested by the appellant and granted by the Appeals Panel. Except where exigent circumstances exist, the Appeals Panel shall render a decision no later than fourteen (14) calendar days after hearing an appeal. Such decision

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(Rule 1640-1-19-.26, continued)

shall be reduced to writing and shall include a summary of the pertinent facts and issues and the panel's decision. The Appeals Panel shall provide a copy of the written decision to the appellant and the appellant's home institution as soon as practicable. The Appeals Panel is the final administrative appeal.

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

Authority: T.C.A. §§49-4-201, 49-4-924. **Administrative History:** Public necessity rules 1640-1-19-.01 through 1640-1-19-.26 filed October 4, 2005, expired on March 18, 2006. On March 19, 2006, rules 1640-1-19-.01 through 1640-1-19-.26 reverted to reserved status. Original rule filed November 9, 2005; effective March 30, 2006. Public necessity rule filed November 30, 2006; expires May 14, 2007. Amendment filed November 30, 2006; effective March 30, 2007.

TENNESSEE STUDENT ASSISTANCE CORPORATION

Thursday, September 27, 2007

DECISION ITEM B: Proposed Rule Changes to the Tennessee Teaching Scholars Program

Staff Recommendation

- (1) That the Tennessee Student Assistance Corporation adopts Rule 1640-1-17, Tennessee Teaching Scholars Program (TTSP) as proposed rules.
- (2) That the Tennessee Student Assistance Corporation authorizes its Executive Director to make any necessary technical corrections to these rules consistent with advice of the Tennessee Attorney General.

Background

The TSAC staff considered it necessary to revise the Tennessee Teaching Scholars Program (TTSP) rules to clarify certain language in the rules, produce greater uniformity between the TTSP rules and the Minority Teaching Fellows Program (MTFP) and facilitate administration by postsecondary institutions and by TSAC.

Most of the rule changes were minor administrative or housekeeping changes. However, with assistance from the Attorney General's Office, a significant substantive change was made to the appeals procedures to clarify the process by which students may appeal adverse decisions relative to their scholarship applications or awards.

Changes have been highlighted in red to facilitate review by the Board. The rules will be implemented when they become effective.

Supporting Document

Rules of the Tennessee Student Assistance Corporation, Chapter 1640-1-17, Tennessee Teaching Scholars Program (DRAFT September 6, 2007).

**RULES
OF
TENNESSEE STUDENT ASSISTANCE CORPORATION**

**CHAPTER 1640-1-17
TENNESSEE TEACHING SCHOLARS PROGRAM**

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1640-1-17-.01 INTRODUCTION.

- (1) These rules implement the Tennessee Teaching Scholars Program authorized by the Tennessee Teaching Scholars Act, T.C.A. § 49-4-212, ~~Title 49, Chapter 4, Section 212~~ in Public Chapter 392 of the 1995 Public Acts; (hereinafter, referred to as the “Act”). The Act provided 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.
- (2) The Tennessee Student Assistance Corporation (TSAC) is assigned to administer the program under the regulations and criteria developed jointly with the 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. ~~The TDOE department~~ 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, and Public Acts of 1995, Chapter 392.~~ **Administrative History:** Original rule filed February 7, 1996; effective June 28, 1996. Amendment filed February 3, 2005; effective June 28, 2005.

1640-1-17-.02 GENERAL.

- (1) Definitions. As used in these regulations (Chapter 1640-1-17):
 - (hj) “Plan of study” is 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 first disbursement.~~
 - (fg) “Grace period” is a period of ~~fifteen months~~ 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 interest shall ~~not~~ accrue on the loan ~~provided the recipient complies with the~~

June, 2005 (Revised)

**This is a draft version of the TTSP rules, with changes proposed by TSAC staff. Black text represents the official June, 2005 (Revised) rules as they currently exist. Red and redline text represents the changes proposed to existing text.*

(Rule 1640-1-17-.02, continued)

~~requirement to teach in a Tennessee public school immediately following the grace period. If the recipient does not fulfill his/her obligation to teach in accordance with the Act, interest will accrue from the date of original award disbursement.~~

(ik) “Repayment period” is a period of not more than ~~eight~~ **ten (10)** years in which the loan will be repaid and shall begin at the end of the grace period, or when ~~ever~~ TSAC determines that the recipient has not complied with the requirements of the Act.

(ef) “~~A~~ Full year of teaching service” shall be two **(2)** semesters of full-time teaching.

(jl) “Satisfactory progress” is 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 (~~G.P.A.~~ **GPA**) on a 4.0 scale or, if required by the teacher education program at the institution attended, a higher **cumulative GPA**.

(de) “Full-time teaching” will be determined on the basis that a minimum of **fifty (50%)** of the recipient’s weekly workload is devoted to teaching, exclusive of administrative, counseling or other assigned duties.

(tb) “~~The~~ Act” is T.C.A. § 49-4-212 as found in Public Chapter 392 of the Public Acts of 1995.

(ed) “Eligible schools” in which recipients may teach for credit toward their loans are those public schools approved by the State Board of Education for teaching at the prekindergarten, kindergarten, elementary, or secondary level in Tennessee.

(km) “~~A~~ 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, ~~and~~ or secondary level.

(gh) “~~A~~ 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.

(a) “Academic year” is a period of time, typically ~~eight or~~ **nine (9)** months, and is composed of two **(2)** semesters. ~~, three quarters, or two trimesters of instruction.~~

~~—(bc) “Deferment” is a period of time in which the student’s payments may be postponed. deferred, but interest shall accrue. Deferments must be verified on a semi-annual basis. A student may be granted a deferment based on following reasons:~~

~~—(1) “Enrollment not seeking a teaching certificate” is a period of time which the student is still enrolled in an accredited institution but is no longer seeking a teaching licensure and shall not exceed three years.~~

~~(2) “Enrollment seeking a teaching certificate” is a period of time in which 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~~

~~(3) “Hardship” is a period of time the student is not able to make payments and shall not exceed two years.~~

~~(4) “Military” is a period of time that a student has been called into active duty and shall not exceed the time of deployment.~~

(Rule 1640-1-17-.02, continued)

- (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.
- (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 periods of internship/~~–~~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 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~~ **are** considered financial assistance for purposes of determining student aid 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 ~~the Tennessee Student Assistance Corporation (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~~th~~, which immediately precedes the academic year for which the student is applying. The April 15 cut-off date may be extended by the TSAC Executive Director 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, and Public Acts of 1995, Chapter 392.~~ *Administrative History:* Original rule filed February 7, 1996; effective June 28, 1996. Amendment filed February 3, 2005; effective June 28, 2005

1640-1-17-.03 ELIGIBILITY.

- (1) The successful applicant must meet all the following criteria:
 - (a) Be a citizen of the United States.
 - (b) **Be** ~~and~~ a resident of Tennessee.
 - (~~bc~~) Be admitted to a State-approved teacher education program at an accredited institution of higher education in Tennessee.
 - (~~ed~~) Not be a licensed teacher, **and not be employed or previously employed in a teaching position.**
 - (~~de~~) Submit to TSAC a signed **S**statement of ~~I~~ntent to teach full time one year for each year an award is received in a Tennessee public prekindergarten, kindergarten, elementary, or secondary school.
 - (~~ef~~) Submit to TSAC a Letter of Recommendation from an official of a State-approved teacher education program to which the student has been admitted.
 - (~~fg~~) Not accept any ~~other~~ financial aid that carries with it a conflicting service obligation. For the purposes of this program, participation in the Minority Teaching Fellows Program

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(Rule 1640-1-17-.03, continued)

shall be considered as accepting aid ~~which that~~ carries a conflicting service obligation. ~~Prior recipients of the Teacher Loan/Scholarship Program and the Teacher Loan Program for Disadvantaged Areas of Tennessee may be eligible for the Tennessee Teaching Scholars Program, although they may not receive funds from both programs during any one academic year.~~

- (gh) Submit a completed application to TSAC by the established deadline on a TSAC-approved application. ~~form submitted through the teacher education department of the student's institution of higher education.~~
- (hi) Submit to TSAC copies of all official college transcripts and the most recent current test scores.
- (ij) Agree to inform TSAC in writing when any significant change in his or her status occurs and provide 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 also inform TSAC when he or she has obtained a teaching position, changed teaching assignments, or terminated teaching service.
- (jk) 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, ~~and Public Acts of 1995, Chapter 392.~~ *Administrative History:* Original rule filed February 7, 1996; effective June 28, 1996.

1640-1-17-.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 ~~State Board of Education~~SBE, the ~~State Department of Education~~TDOE, the ~~Tennessee Higher Education Commission~~THEC, a member of the Tennessee Association of Student Financial Aid Administrators (TASF AA) 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:

~~Until all qualified applicants from the higher priority group(s) who have submitted their applications by the deadline have been offered the loan, no applicants from a lower group may be considered for selection. The following priority groups have been established for this program.~~

 - (a) First priority shall be given to renewal applicants who have maintained a cumulative ~~G.P.A.~~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. ~~A renewal application must be submitted each year for which assistance is desired.~~
 - (b) Second priority shall be given to non-teachers holding a bachelor's degree or higher who pledge to become teachers and who have at least a 2.75 cumulative ~~G.P.A.~~GPA on a 4.0 scale for the highest degree attained, or a cumulative ~~G.P.A.~~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 ~~G.P.A.~~GPA may be required if mandated by the teacher education program at the student's institution of higher education.

(Rule 1640-1-17-.04, continued)

- (c) Third priority shall be given to college juniors and seniors who possess a college cumulative ~~G.P.A.~~ 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, no applicants from a lower group may be considered for selection.
- (34) 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.

Authority: T.C.A. §§49-4-201, 49-4-204, and 49-4-212, ~~and Public Acts of 1995, Chapter 392.~~ **Administrative History:** Original rule filed February 7, 1996; effective June 28, 1996.

1640-1-17-.05 LOAN AMOUNT AND TERMS.

- (1) All loans shall be evidenced by notes payable to ~~the Tennessee Student Assistance Corporation~~TSAC. The maximum award available to any student shall be established by the Board of Directors of ~~the Tennessee Student Assistance Corporation~~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 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:
 - (a1) 6-8 credit hours - 50% of the academic year amount
 - (b2) 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. If the institution participates in ACH, the funds will be sent by direct deposit to the institution and the institution will be directed to deliver the funds to the recipient. Prior to disbursing the warrant or ACH 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 is issued for the appropriate academic term, and is making satisfactory progress in accordance with the Act.
- (3) The awards may be transferred from one eligible institution of higher education to another ~~providing~~provided that a TSAC-approved transfer form is submitted to TSAC.
- (4) Cancellation
 - (a) For each year of ~~creditable~~ full-time teaching service at an eligible school, as defined in

(Rule 1640-1-17-.05, continued)

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~~ SBE, the recipient's obligation will be cancelled at a rate of one and one-third (1 1/3) of the total annual award.

~~(b) Cancellation shall apply only if the recipient completes a plan of study leading to teacher licensure. ?~~

(c) A grace period of one (1) year ~~fifteen months~~ will be granted to allow the recipient the opportunity to secure employment to begin cancellation credit. When a recipient has obtained a ~~creditable~~-full-time teaching position at an eligible school, some or all of the grace period may be waived at his or her written request.

(d) Recipients ~~who believe that they are employed~~ in teaching positions, ~~which that~~ qualify them for cancellation credit, must notify TSAC of that teaching status. ~~Those individuals~~ Individuals whom TSAC has determined to be in a ~~creditable~~-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. ~~Upon completion of said year of teaching.~~ At the end of such period, cancellation credit will be applied upon receipt of the verification of such service.

(~~eb~~) 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 credit will ~~then~~ be applied upon receipt of verification of the completion of such service.

(~~fe~~) The debt shall be canceled in case of the death of the recipient upon documentation deemed acceptable by TSAC.

(~~gf~~) 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.

~~(h) The loan may not be discharged in a bankruptcy filed during the first seven years after the loan first becomes due (exclusive of any periods of deferment or other authorized suspension of the repayment period).~~

(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, and shall be based upon a nine percent (9%) per annum interest rate calculated from the date of original award. Repayment may be in whole or in monthly installments of at least one hundred ~~fifty~~ dollars (\$100) over a period of not more than ten (10) ~~eight~~ years from the end of the grace period. Payments of less than the amount required to amortize the loan within ten (10) ~~eight~~ 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

(Rule 1640-1-17-.05, continued)

- 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 ~~on~~ ~~upon demand by TSAC, or in~~ the first ~~day of the~~ month following the end of the grace period. Interest shall begin to accrue on ~~September 1 after completion of the program~~ the date of disbursement.
- (c) Repayment for recipients who fail to complete the plan of study shall begin ~~in~~ ~~on~~ the first ~~day of the~~ 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. Interest shall begin to accrue ~~on the date of disbursement immediately after termination of the award.~~ If a borrower issues a check, draft, warrant or electronic funds transfer, which is subsequently returned to TSAC for reason of insufficient funds 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 to reflect the portion of the teaching obligation not completed. Such repayment shall begin ~~upon demand by TSAC, or in~~ ~~on~~ the first ~~day of the~~ month ~~after TSAC has determined that the recipient's creditable teaching service has terminated~~ 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 eight~~ ten (10) year repayment period. All interest shall be based upon the unpaid balance of the loan. Accrued interest may be capitalized.
- ~~(e) By statute (T.C.A. §49-4-404), the State Attorney General the legal responsibility for enforcing the collection of such indebtedness against individual.~~
- (e) If a borrower issues a check, draft, warrant or electronic funds transfer, which is 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.
- (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^r 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 Executive Director 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 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 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 period of time the student is not able to make payments and shall not

(Rule 1640-1-17-.05, continued)

exceed two (2) years.

- (d) “Military duty” in which a 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 49-4-212. **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.

1640-1-17-.06 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, 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 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.

~~(1) Generally, the rulings of the program’s administrator shall apply.~~

~~(2) An individual who believes that the ruling was not in accordance with the published regulations and the Act may appeal to the TSAC Executive Director for relief.~~

~~(3) If the Executive Director does not rule in the favor of the complainant, the complainant may request a hearing before the TSAC Appeals Committee. The ruling of the Appeals Committee shall be the last administrative remedy.~~

Authority: T.C.A. §§49-4-201, 49-4-204, and 49-4-212, ~~and Public Acts of 1995, Chapter 392.~~ **Administrative History:** Original rule filed February 7, 1996; effective June 28, 1996.

~~1640-1-17-.07 PRECEDENCE OF THE ACT.~~

~~(1) These regulations are subordinate to the Act and are intended to facilitate its implementation. Any portion of these regulations which are adjudicated as contrary to law are to be considered null and void. All other portions of these rules shall be severed therefrom and considered in full force.~~

~~**Authority:** T.C.A. §§49-4-204, 49-4-212, and Public Acts of 1995, Chapter 392. **Administrative History:** Original rule filed February 7, 1996; effective June 28, 1996.~~

TENNESSEE STUDENT ASSISTANCE CORPORATION

Thursday, September 27, 2007

DECISION ITEM C: Proposed Rule Changes to the Minority Teaching Fellows Program

Staff Recommendation

- (1) That the Tennessee Student Assistance Corporation adopts Rule 1640-1-13, Minority Teaching Fellows Program (MTFP) as proposed rules.
- (2) That the Tennessee Student Assistance Corporation authorizes its Executive Director to make any necessary technical corrections to these rules consistent with advice of the Tennessee Attorney General.

Background

The TSAC staff considered it necessary to revise the MTFP rules to clarify certain language in the rules, produce greater uniformity between the MTFP rules and the Tennessee Teaching Scholars Program (TTSP) and facilitate administration by postsecondary institutions and by TSAC.

Most of the rules changes proposed are minor administrative or housekeeping changes. However, the most significant substantive changes proposed are:

- (1) Applicant selection prioritization was reordered to ensure a higher retention rate and decrease the number of loan defaults; and
- (2) The appeals procedures were changed with the assistance of the Attorney General's Office to clarify the process by which students may appeal adverse decisions relative to their scholarship applications or awards.

Changes have been highlighted in red to facilitate review by the Board. The rules will be implemented when they become effective.

Supporting Document

Rules of the Tennessee Student Assistance Corporation, Chapter 1640-1-13, Minority Teaching Fellows Program (DRAFT September 6, 2007).

**RULES
OF
TENNESSEE STUDENT ASSISTANCE CORPORATION**

**CHAPTER 1640-1-13
MINORITY TEACHING FELLOWS PROGRAM**

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1640-1-13-.01 INTRODUCTION.

- (1) These rules implement the Minority Teaching Fellows Program authorized by ~~T.C.A., Title 49, Chapter 4, Part 706~~ T.C.A. § 49-4-706 in Public Chapter 202 of the 1989 Public Acts (hereinafter ~~called~~ referred to as the “Act”). The Act provided for a ~~\$5,000~~ 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 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.

1640-1-13-.02 GENERAL.

- (1) Definitions. As used in these regulations (Chapter 1640-1-13):-
- (i) “Plan of study” is 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 ~~certification/endorsement~~ ~~in~~ 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.
 - (~~f~~g) “Grace period” is 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 interest shall ~~not~~ accrue on the loan from the date of disbursement.
 - (~~h~~j) “Repayment period” is 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.~~
 - (~~e~~f) “~~A~~ Full year of teaching service” shall be two (2) semesters of full-time teaching.
 - (~~j~~k) “Satisfactory progress” is a standard of progress toward completion of the pursued plan

June, 2005 (Revised)

**This is a draft version of the MTFP rules, with changes proposed by TSAC staff. Black text represents the official June, 2005 (Revised) rules as they currently exist. Red and redline text represents the changes proposed to existing text.*

(Rule 1640-1-13-.02, continued)

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.

(de) "Full-time teaching" will be determined on the basis that a minimum of fifty percent (50%) of the recipient's weekly workload is devoted to teaching, exclusive of administrative, counseling or other assigned duties.

(fb) ~~"The Act"~~ is T.C.A. § 49-4-706 as found in Public Chapter 202 of the Public Acts of 1989.

(ed) "Eligible schools" in which recipients may teach for credit toward their loans are those public schools approved determined by the State Board of Education SBE for teaching at a prekindergarten, kindergarten, elementary, or secondary level ~~to be maintaining public educational programs at some K-12 level in Tennessee which meet or exceed minimum standards.~~

(kl) ~~"A 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, ~~and~~ or secondary level.

(a) "Academic year" is a period of time, typically ~~eight or~~ nine (9) months, and is composed of two (2) semesters ~~three quarters, or two trimesters of instruction.~~

(gh) "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.

(bc) "Deferment" is a period of time in which the student's payments may be postponed.

(2) All recipients must attend the college or university on a full-time basis as determined by the institution's written policies to be eligible.

(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 Education Act of 1965, as amended.

(4) All such loans shall be evidenced by notes payable to ~~the Tennessee Student Assistance Corporation~~ TSAC.

(5) Any applications received or approved shall be subject to the availability of funds. ~~Initially, Funds are available for a total of 116 nineteen recipients.~~

(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. ~~, except for the initial year of implementation.~~ The April 15 cut-off date may be extended by the TSAC Executive Director should it be determined necessary for the purpose of utilizing all available funds.

June, 2005 (Revised)

(Rule 1640-1-13-.02, continued)

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.

1640-1-13-.03 ELIGIBILITY.

- (1) The successful applicant must meet all ~~of~~ the following criteria:
- (~~1a~~) Be a citizen of the United States.
 - (~~2b~~) Be a resident of Tennessee.
 - (c) Be a minority.
 - (~~3d~~) 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 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 ~~certification-licensure~~, which will then be used to teach in a public school at some ~~prekindergarten, kindergarten, elementary, or secondary level-K-12 level~~ in the State, and provided that the plan of study can be completed within a four-year period calculated from the date of the ~~first disbursement or original award~~.
 - (~~4e~~) Submit to ~~the Tennessee Student Assistance Corporation~~ TSAC a signed Statement of Intent to teach in a Tennessee public prekindergarten, kindergarten, elementary or secondary school. ~~and, after graduation, submit annual statements of employment to the Tennessee Student Assistance Corporation.~~
 - (~~5f~~) 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. ~~from any other federal or state funded teacher education program.~~
 - (~~6g~~) Submit a ~~completed application to TSAC by the established deadline on a TSAC-approved application. to TSAC by the deadline. If the applicant is a current or former college student, the application must be submitted through the college. If the applicant is an entering freshmen, it should be submitted through the high school (except for the 1989-90 year). Qualified recipients must submit a renewal application to TSAC each year by March 1 to be eligible for the ensuing year.~~
 - (h) Submit to TSAC copies of all official transcripts and the most recent test scores.
 - (i) Agree to inform TSAC in writing when any significant change in his or her status occurs and provide 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 inform TSAC when he or she has obtained a teaching position, changed teaching assignments, or terminated teaching service.
 - (j) 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.

June, 2005 (Revised)

(Rule 1640-1-13-.03, continued)

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.

1640-1-13-.04 METHOD OF SELECTION.

- (1) Each year that funds are available, representatives of the ~~State Board of Education~~SBE, the ~~State Department of Education~~TDOE, and ~~the Tennessee Higher Education Commission~~THEC with the Executive Director of TSAC shall form a selection committee ~~which~~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 E~~eligible renewal applicants. ~~have priority over all other applicants.~~
 - (b) ~~Second priority shall be given to college students who have a 2.5 college GPA, are enrolled full-time and are taking courses creditable to teacher education. The first time applicants in the following priority groups will be recognized:-~~

~~Priority Group Minimum Requirements~~

- (c) ~~Third priority shall be given to 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.~~

1st - Entering Freshmen	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 25% of their high school. Other scores may be considered if there are compensating factors.
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2nd - College Students	2.5 College GPA, full time enrollment, and taking courses creditable to teacher education. Other scores may be considered if there are compensating factors.
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- (3) Until all qualified applicants from the higher priority group(s) who ~~had~~have submitted their applications by the deadline have been offered the loan, no applicants from a lower group may be considered for selection.
- (34) The ranking of applicants must consider grade point average, standardized test scores, ~~minority status,~~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, ~~and~~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.

June, 2005 (Revised)

(Rule 1640-1-13-.04, continued)

1640-1-13-.05 LOAN AMOUNT AND TERMS.

- (1) All loans shall be evidenced by notes payable to ~~TSAC~~~~the Tennessee Student Assistance Corporation~~.
- (2) ~~Awards-Funds~~ will be sent to the college financial aid office or business office each ~~quarter or~~ semester in the recipient's name and shall be disbursed on a ~~quarter or~~ 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. in any fiscal year is \$5,000.~~ 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 financial aid office.
- ~~(2) The applicant may receive an award for up to \$5,000 per academic year. The total maximum award shall in no case exceed \$20,000 over the maximum four year period.~~
- (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.
- (~~3~~4) Cancellation
- (a) For each year of full-time ~~eligible 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. (This normally would be \$5,000 plus related interest.)~~ If a recipient teaches ~~for three consecutive years within seven years after graduation~~ in an eligible school that is high priority or on warning status as designated by the State Department of Education or the State Board of Education, the recipient's obligation will be cancelled at a rate of one and one-third (1 1/3) of the total annual award. ~~(This normally would be \$6,667 per year plus related interest.)~~
- (b) ~~Cancellation credit will be calculated at a rate of \$5,000 per year of service plus interest on each year of service. If a recipient teaches in an eligible school that is high priority or on warning status, the cancellation credit will be calculated at a rate of \$6,667 per year of service plus interest on each year of service.~~ 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) The term "teaching" shall include persons employed in an eligible school in accordance with the Act.~~
- (~~dc~~) 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, S~~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

June, 2005 (Revised)

(Rule 1640-1-13-.05, continued)

service.

- (e) The debt shall be cancelled in case of 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 cancelled. 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, the Corporation may reinstate any outstanding debt previously cancelled.

(45) 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 disbursement 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 may be made only if the recipient documents to TSAC's satisfaction his or her inability to make payments of that size 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 on the first day of the month following the end of the grace period. Interest shall begin to accrue on the date of disbursement September 1 after completion of the program.
- (c) Repayment for recipients who fail to complete the funded plan of study shall begin on in the first month following such failure. Interest shall begin to accrue immediately after the termination of the award. Repayment will include the full amount of the loan funds received plus interest accrued from the date of disbursement award(s); and shall be based upon the nine percent (9%) per annum interest rate from the time of the recipient's disbursement first award. Repayment may be made in whole or in 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 the Tennessee Student Assistance Corporation 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 taught. Such repayment shall begin upon demand by TSAC, or in on the first day of the month following termination of the creditable teaching service. Repayment of the non-cancelled loan may be made in whole or in monthly installments over the remaining months of the ten-year repayment period. All interest shall be based upon the unpaid balance of the loan. The accrued interest may

June, 2005 (Revised)

(Rule 1640-1-13-.05, continued)

be capitalized. Minimum monthly payments of one hundred dollars (\$100) will be required unless an exception as described in (4)(a) 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 “forgiven” by subsequent teaching service. ~~(f) — By statute (T.C.A. §49-4-404), the State Attorney General assumes the legal responsibility for the collection of any such indebtedness against the individual.~~
- (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 Executive Director of the 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 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 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 period of time the student is not able to make payments and shall not exceed two (2) years.~~
- (d) ~~“Military duty” in which a 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.

1640-1-13-.06 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~~

June, 2005 (Revised)

(Rule 1640-1-13-.06, continued)

and Scholarships, 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 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.

~~(1) Generally, the rulings of the program's administrator shall apply.~~

~~(2) Those who believe that his/her rulings were not according to the published regulations and the Act may appeal to the TSAC Executive Director for relief.~~

~~(3) If the Executive Director does not rule in the favor of the complainant, the complainant may request a hearing before the TSAC Appeals Committee. The ruling of the Appeals Committee shall be the last administrative remedy.~~

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.

~~1640-1-13-.07 PRECEDENCE OF THE ACT.~~

~~(1) These regulations are subordinate to the Act and are intended to facilitate its implementation. Any portion of these regulations which are adjudicated as contrary to law are to be considered null and void. All other portions of these rules shall be severed therefrom and considered in full force.~~

~~*Authority:* T.C.A. §49-4-204. *Administrative History:* Original rule filed July 14, 1989; effective October 29, 1989.~~

TENNESSEE STUDENT ASSISTANCE CORPORATION

Thursday, September 27, 2007

DECISION ITEM D: Proposed Budget Request for 2008-09

Staff Recommendation

- (1) That the Tennessee Student Assistance Corporation recommends 2008-09 funding levels as presented in the document entitled *Tennessee Student Assistance Corporation Budget Request for 2008-09*, September 7, 2007.

- (2) That the Tennessee Student Assistance Corporation authorizes its Executive Director to make any necessary technical corrections.

Background

The Tennessee Student Assistance Corporation is required to submit its budget request to the State Budget Division by October 1, 2007.

The attached document lists recommended funding improvements in several programs administered by the corporation.

Increases are requested in order for the programs and agency administration support to keep pace with recent tuition/fee increases and to increase the number of students served.

Supporting Document

Tennessee Student Assistance Corporation Budget Request for 2008-09, September 7, 2007.

Tennessee Student Assistance Corporation
Budget Request for 2008-09

September 7, 2007

Tennessee Student Assistance Corporation
Parkway Towers, Suite 1510
404 James Robertson Parkway
Nashville, Tennessee 37243-0820
(615) 741-1346

www.CollegePaysTN.com

Tennessee Student Assistance Corporation Budget Request for 2008-09

September 7, 2007

2008-09 Budget Request Summary

<u>Priority</u>	<u>Amount</u>	<u>Source</u>	<u>Initiative</u>
1	\$10,000,000	Lottery	Establish Recurring TSAA Support from Lottery
2	\$3,770,000	State	Support TSAA Applicants who Apply by April 1
3	\$299,000	State	Maintain Tennessee Teaching Scholars Program
4	\$198,200	State	Expand Ned McWherter Scholars Program
5	\$12,915,000	State	Support TSAA Applicants who Apply by May 1
6	\$205,600	Federal	Loan Program Business Development

Introduction

Funding for Tennessee's need-based college access program, the Tennessee Student Assistance Award (TSAA), is TSAC's highest priority. All TSAA recipients are low income, and all demonstrate financial need via the FAFSA application process. 90% of the recipients come from families with incomes below \$30,000 and essentially all come from families with incomes below \$50,000.

Additionally, the lottery scholarship "safety net" has helped relatively few of these students, with only about one-fourth of TSAA recipients (about 5,000 students) being eligible for lottery-funded assistance. Said differently, of the 60,000 students receiving lottery-funded assistance, only 8% (or 5,000) received TSAA.

In the 2006-07 academic year, 143,696 low-income students filed the FAFSA by June 30, 2007 and demonstrated financial need to qualify for TSAA. However, limited funding meant that only the early applicants (those who applied by March 4, 2006) could be offered an award. In the end, 19,863 students accepted and used the award.

Priority 1: Establish Recurring TSAA Support from the Lottery for Education Account

The Tennessee Student Assistance Award Program is Tennessee's primary need-based financial aid program for helping low-income students attend Tennessee higher educational institutions. State support for this program was increased in 2007-08 through a combination of recurring and non-recurring resources, as follows:

2007-08 Funding Level

\$43,108,500	Continuing Base Funding (\$200,000 deducted for Dependent Children)
3,800,000	Additional Recurring State Support
10,000,000	Additional Non-recurring Lottery Support
1,000,000	Reserve funds approved by TSAC Board
486,843	LEAP Federal Funding
<u>641,997</u>	SLEAP Federal Funding
\$59,037,340	Total

Of the \$59,037,340 provided in 2007-08, \$10,000,000 is non-recurring, as noted in the following language from the 2007-08 appropriations bill:

From interest earnings attributable to the lottery for education account, there is appropriated the sum of \$10,000,000 to the Tennessee Student Assistance Corporation for the sole purpose of supplementing Tennessee Student Assistance Awards.

This \$10,000,000 of non-recurring funding supported nearly 5,000 additional students. **If this funding is not continued, nearly 5,000 students who received awards in 2007-08 will lose their awards in 2008-09.**

This budgetary initiative seeks to continue \$10,000,000 of support from the lottery for education account, and to designate it as a recurring.

LOTTERY FUNDS: \$10,000,000

Priority 2: Support TSAA Applicants who Apply by April 1

Tennessee Student Assistance Awards are provided on a first-come, first served basis, beginning on January 1 of each year. In the current year, funds lasted slightly less than three months. Only students who applied by March 24, 2007 received support in 2007-08.

This initiative extends support to students who apply by April 1. About 1,760 additional students would be funded, at an estimated cost of \$3,770,000.

STATE FUNDS: \$3,770,000

Tennessee Student Assistance Award Program
History and 2007-08 Projections
September 5, 2007

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<i>Projected 2007-08</i>
Last Date for Award Eligibility							
TSAA	June 15	June 14	April 23	March 22	March 15	March 4	<i>March 24</i>
Atchley Opportunity Grant	June 15	May 13	March 1	March 5	March 15	March 4	<i>March 24</i>
Funding:							
State	\$ 38,465,400	\$ 45,429,200	\$ 41,208,500	\$ 41,208,500	\$ 41,208,500	\$ 43,308,500	\$ 43,308,500
Transfer from TSLP Reserve (1)	0	0	0	0	0	0	1,000,000
Appropriation Increase							13,800,000
Federal (LEAP)	490,338	488,735	540,833	523,867	486,843	487,154	486,843
Federal (SLEAP)	508,787	1,242,817	1,787,266	802,160	808,011	819,708	641,997
Sub Total	39,464,525	47,160,752	43,536,599	42,534,527	42,503,354	44,615,362	59,237,340
Less Dependent Children	(50,000)	(56,019)	(70,000)	(94,885)	(133,456)	(138,191)	(200,000)
Available Funds for TSAA	\$ 39,414,525	\$ 47,104,733	\$ 43,466,599	\$ 42,439,642	\$ 42,369,898	\$ 44,477,171	\$ 59,037,340
Students Offered Aid	36,460	42,018	31,923	30,103	24,286	26,462	37,054
Students Received Aid	25,893	28,657	23,303	22,917	18,713	19,863	27,791
Received / Offered	71.0%	68.2%	73.0%	76.1%	77.1%	75.1%	75.0%
Awards Committed	\$ 58,630,039	\$ 79,967,161	\$ 61,790,447	\$ 61,418,748	\$ 54,886,337	\$ 62,708,031	\$ 85,597,473
Actual Expenditures	\$ 37,320,053	\$ 45,710,007	\$ 41,833,378	\$ 42,645,415	\$ 38,450,700	\$ 42,496,507	\$ 59,037,340
Expenditures / Committed	63.7%	57.2%	67.7%	69.4%	70.1%	67.8%	69.0%
Year-End Balance	2,094,472	1,394,726	1,633,221	(205,773)	3,919,198	1,980,664	0
% Over-commitment	148.8%	169.8%	142.2%	144.7%	129.5%	141.0%	145.0%
% Available Funds Spent	94.7%	97.0%	96.2%	100.5%	90.8%	95.5%	100.0%
Average Offer Amount	1,608	1,903	1,936	2,040	2,260	2,370	2,310
Average Expenditure Amount	1,441	1,595	1,795	1,861	2,055	2,139	2,124
<u>Effect on TSLP Reserve</u>							
Beginning Balance July 1	\$ 6,550,535	\$ 6,940,799	\$ 7,255,577	\$ 9,225,574	\$ 8,676,184	\$ 12,091,724	\$ 13,303,498
Transfer to Funding (1)	0	0	0	0	0	0	(1,000,000)
Interest Earned/F&A year-end adjustment	51,264	68,216	144,897	144,483	392,996	640,222	185,000
Year-end Amount from Program (above)	2,094,472	1,394,726	1,633,221	(205,773)	3,919,198	1,980,664	0
Prior Year Collections	169,500	98,281	191,879	134,212	89,228	90,888	125,000
Reversion-TSAA (2)	(1,924,972)	(1,246,445)	-	(622,312)	(985,882)	(1,500,000)	(1,500,000)
Ending Balance June 30	\$ 6,940,799	\$ 7,255,577	\$ 9,225,574	\$ 8,676,184	\$ 12,091,724	\$ 13,303,498	\$ 11,113,498
Less Component Unavailable to TSAA	(4,115,434)	(4,178,129)	(4,286,931)	(4,377,741)	(4,571,768)	(4,805,302)	(4,900,000)
Reserve Available to TSAA	\$ 2,825,365	\$ 3,077,448	\$ 4,938,643	\$ 4,298,443	\$ 7,519,956	\$ 8,498,196	\$ 6,213,498
Memo: Annual Financial Report Amount	\$ 6,940,799	\$ 7,255,577	\$ 9,225,574	\$ 8,676,184	\$ 12,091,724	not available	

(1) Although displayed as an additional funding source, this transfer will actually occur at the end of the fiscal year.

(2) In 2004-05 an additional \$615,500 was reverted from administrative funds, bringing the total 2004-05 reversion to \$1.2 million

Priority 3: Maintain Tennessee Teaching Scholars Program

The Tennessee Teaching Scholars Program currently provides \$4,500 awards to 168* future teachers. The annual state appropriation of \$611,000 has been unchanged since 2002-03. The appropriation is augmented by other funds, primarily repayments from program participants who do not keep their teaching obligation.

362 students applied for the award in 2007-08, with 211 meeting the eligibility requirements and providing all required documentation. Of these 211 eligible students, available funds supported only 168. The other 43 eligible students were not awarded.

This initiative supports the additional 43 eligible students and increases the award amount from \$4,500 to \$5,000, at a total cost of \$299,000. Increasing the award amount to \$5,000 will be consistent with the Minority Teaching Fellows Program and help keep pace with tuition increases.

STATE FUNDS: \$299,000

	<u>Applications</u>	<u>Recipients</u>	<u>Award Amount</u>	<u>State Appropriation</u>	<u>Other Funds</u>	<u>Total Funds</u>
2002-03	460	201	\$4,200	\$611,000	\$192,000	\$803,000
2003-04	416	206	\$4,200	\$611,000	\$147,600	\$758,600
2004-05	561	218	\$4,200	\$611,000	\$233,200	\$844,200
2005-06	528	150	\$4,500	\$611,000	\$133,600	\$744,600
2006-07	360	189	\$4,500	\$611,000	\$136,537	\$747,537
2007-08	362	168*	\$4,500	\$611,000	\$129,000	\$740,000

* This figure (168 recipients) is current as of September 2007. As the year progresses, some of these students may not use their awards and the year-end number of recipients may drop below 168.

Priority 4: Expand Ned McWherter Scholars Program

The Ned McWherter Scholars Program is Tennessee's most prestigious merit-based scholarship program, designed to help keep Tennessee's best and brightest students within the State. Entering freshmen must have a 3.5 high school GPA and a 29 ACT to even apply, and of these, only one in five is selected.

Recent data suggest that the program meets its goal of keeping bright Tennesseans within the state. Seventy-one percent of those responding to a survey indicated that they will stay in Tennessee to continue their education or will begin employment in Tennessee.

The State's investment in this program is enhanced by the fact that universities match the state's contribution. Ned McWherter Scholars receive \$3,000 from the State of Tennessee and a matching \$3,000 from the university they attend.

TSAC is able to award only 134 students from the state appropriation. To raise the number of awards to 200, a previously-achieved target, TSAC requests an appropriation increase of \$198,200. This will reduce dependency on interest earnings when making awards. Interest earnings fluctuate each year and are not a reliable funding source.

STATE FUNDS: \$198,200

	<u>Applicants</u>	<u>Recipients</u>	<u>Award Amount</u>	<u>Appropriation</u>
2001-02	549	200	\$3,000	\$251,800
2002-03	657	197	\$3,000	\$251,800
2003-04	690	172	\$3,000	\$251,800
2004-05	860	171	\$3,000	\$401,800
2005-06	976	165	\$3,000	\$401,800
2006-07	981	179	\$3,000	\$401,800
2007-08	1,019	184*	\$3,000	\$401,800

* This figure (184 recipients) is current as of September 2007. As the year progresses, some of these students may not use their awards and the year-end number of recipients may drop below 184.

Priority 5: Support TSAA Applicants who Apply by May 1

Tennessee Student Assistance Awards are provided on a first-come, first served basis, beginning on January 1 of each year. In the current year, funds lasted slightly less than three months. Only students who applied by March 24, 2007 received support in 2007-08.

If Priorities 1 and 2 are funded, support will extend to eligible students who apply by April 1.

If Priority 5 is funded, support will extend one additional month to students who apply by May 1.

Awards would be offered to about 8,400 additional low-income Tennesseans. Of those, about 6,300 will use the awards, at an estimated cost of \$12,915,000.

STATE FUNDS: \$12,915,000

Priority 6: Loan Program Business Development

TSAC has been asked by our school community to enhance and expand service levels to schools due to increased competition, increased industry ethics scrutiny and a recent reduction in customer service levels. To meet the needs of these requests, TSAC's Loan Administration Department is requesting two (2) Business Development Consultant positions to further the progress of the Federal Family Education Loan Programs mission. These employees will work in assisting the agency in developing an understanding of what schools need, designing processes that will meet those needs, assisting with implementations, and other responsibilities including those outlined below.

Also with additional scrutiny within the student loan industry, these positions will develop, train and advise schools about their role and responsibilities regarding new industry and governmental pressures to ensure borrower choice and to refrain from the appearance that may entangle schools with their lender relationships.

The requested Business Development Officers will be higher level employees who understand how a financial aid office works and can translate that knowledge into products and services that make TSAC a better business support partner. The need for these positions has grown out of strong recommendations from our school community.

These positions are greatly needed to focus on the following:

1. Interface with school administrators to assist TSAC in maintaining or improving our current level of services.
2. Provide in-depth 'Loans 101 type' training that will include additional ethics training and assistance.
3. Understand and translate to TSAC needed services that schools request.
4. Develop and handle traditional marketing activities to showcase TSAC's programs and services.
5. Receive clarification on new ideas and product offerings that TSAC may be considering.

Benefits of these positions to Tennessee and TSAC include:

- Enhancement of the services TSAC provides as a loan guarantor and program overseer to allow a greater level of financial aid awareness to the citizens, and to improve ethics training to schools and lenders in Tennessee.
- More efficient, comprehensive one-stop shopping service for scholarships, grants, loans and Lottery services to schools in Tennessee.

Funding for these positions would come from the Tennessee Student Loan Program from existing Federal reserves generated from the Federal Family Education Loan Program (FFELP).

FEDERAL FUNDS: \$205,600

TENNESSEE STUDENT ASSISTANCE CORPORATION

Thursday, September 27, 2007

DECISION ITEM E: **Proposed Authorization to Sign Rehabilitation Loan Contracts**

Staff Recommendation

That the Board authorizes the Executive Director to sign and execute the attached loan rehabilitation contracts with Educational Funding of the South, Inc. (Edsouth) and SunTrust Bank; and to make any necessary technical corrections.

Background

At TSAC's Fall 2006 Board meeting, staff were asked to solicit bids under an RFP process for lenders to purchase loans of the agency which become eligible for the Loan Rehabilitation Program. Recall that these are loans on which the borrower has defaulted and TSAC has paid the lender's claim. TSAC now owns these loans. After the borrower makes a series of on-time payments to TSAC, the loan is eligible for rehabilitation and a lender purchases the rehabilitated loan from TSAC. In the past these rehabilitated loans were sold to a lender at par, but under the attached contracts, these loans will be sold at a premium. Depending on the level of actual loan volume, the additional revenue that TSAC will earn will be in the neighborhood of one million dollars per year.

TSAC, in conjunction with the Tennessee Office of Contract Review, issued the RFP on June 1, 2007. A proposal evaluation team of experienced TSAC and THEC staff evaluated the proposals, and recommended that both of the respondents (Edsouth and SunTrust) be selected and assigned a portion of the loan volume. The portion of the loan volume assigned to each financial institution will vary from year to year, depending on individual performance.

Supporting Documents

Contract between TSAC and Edsouth.
Contract between TSAC and SunTrust Bank.



**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
TENNESSEE STUDENT ASSISTANCE CORPORATION
AND
EDUCATIONAL FUNDING OF THE SOUTH, INC.**

This Contract, by and between the State of Tennessee, Tennessee Student Assistance Corporation, hereinafter referred to as the "State" or "TSAC" and Educational Funding of the South, Inc., hereinafter referred to as the "Procuring Party," is for the provision of obtaining up to two parties to purchase loans from TSAC through its Loan Rehabilitation Program. Loan Rehabilitation is a service which allows borrowers with defaulted Federal Stafford (subsidized and unsubsidized) Loans, Federal PLUS (parent and graduate/professional) Loans, and Federal Consolidation Loans to remove the default status on their loans and repair their credit history if nine (9) consecutive, on-time, voluntary monthly payments have been made within a ten (10) month period, as further defined in the "SCOPE OF SERVICES."

The Procuring Party is a private, nonprofit corporation.

The Procuring Party's address is 501 Corporate Centre Drive, Suite 320, Franklin, TN, 37067

The Procuring Party's place of incorporation or organization is Tennessee.

A. SCOPE OF SERVICES:

- A.1. TSAC, through its contracted servicer, shall have the capability of processing rehabilitated defaulted FFELP loans, including and without limitation, Federal Stafford (subsidized and unsubsidized) Loans, Federal PLUS (parent and graduate/professional) Loans, and Federal Consolidation Loans.
- A.2. TSAC, through its contracted servicer, shall ensure that the formats, programs, procedures, and documentation for the Loan Rehabilitation Program meets TSAC, and the U.S. Department of Education regulatory and statutory requirements, and complies with all applicable statutes, regulations, directives, and initiatives for the Federal Family Education Loan Program.
- A.3. TSAC shall make no guarantee as to the volume of rehabilitated loans to be purchased by the Procuring Party under this Contract.
- A.4. TSAC, through its contracted servicer, shall begin offering the Procuring Party loans which meet the Loan Rehabilitation Program requirements on an alternating monthly schedule for one year. Based on the performance data received during the first year, TSAC will establish a monthly performance percentage of either 50/50, 60/40, or 70/30 based upon the following objective formula:

If the competing Procuring Parties' performance statistics are evenly scored on the following three performance criteria, the monthly placement percentage will be 50/50. Should one Procuring Party score higher than the other Procuring Party on the bulleted items by a net score of one, the monthly placement percentage will be 60/40 in favor of the Procuring Party with the higher score. Should one Procuring Party

score higher than the other Procuring Party on the bulleted items by a net score of two or more, the monthly placement percentage will be 70/30 in favor of the Procuring Party with the higher score.

The scores shall be objectively calculated using the following measures of each of the three performance criteria:

- The number, dollar value, and percentage of loans which are greater than 60 days delinquent;
- The number, dollar value, and percentage of loans which re-default for non-payment;
- The number, dollar value, and percentage of loans which were cured and the types of cures effected to cure the account.

“Cure” refers to the method in which an account is brought current (i.e. payments).

- A.5. TSAC, through its contracted servicer, shall identify those borrowers who meet the Loan Rehabilitation Program requirements and validate their eligibility based on TSAC and the U.S. Department of Education regulatory and statutory requirements, and comply with all applicable statutes, regulations, directives, and initiatives for the Federal Family Education Loan Program.
- A.6. TSAC, through its contracted servicer, shall provide the estimated number and dollar volume of loans to be rehabilitated up to five (5) business days before the effective date of the purchase transaction to the Procuring Party in a mutually agreed upon format (i.e., e-mail or other electronic process).
- A.7. TSAC, through its contracted servicer, shall provide the actual number and dollar volume of loans to be rehabilitated up to three (3) business days before the effective date of the purchase transaction to the Procuring Party in a mutually agreed upon format (i.e., email or other electronic process).
- A.8. TSAC, through its contracted servicer, shall provide a report of all loans that are eligible for rehabilitation in each rehabilitation cycle to the Procuring Party in a mutually agreed upon (either manual or electronic) format. The report shall include, at a minimum:
- Borrower Social Security Number,
 - Borrower Full Name,
 - Borrower Address,
 - Borrower Phone Number,
 - Borrower DOB,
 - Student Social Security Number, if PLUS loan,
 - Student Full Name, if a PLUS loan,
 - Student Address, if a PLUS loan,
 - Student Phone Number, if a PLUS loan,
 - Student DOB, if a PLUS loan,
 - Loan Type,
 - Guarantor ID,
 - Guarantee Date,
 - Guarantee Amount,
 - Interest Rate,
 - Principal Outstanding,
 - Collection Costs,
 - Total Loan Balance,
 - Next Due Date,
 - Effective Purchase Date, and
 - Number and Dollar volume of loans to be rehabilitated.

- A.9. TSAC, through its contracted servicer, shall forward the loan file and collateral (i.e., Master Promissory Note) for each borrower rehabilitated to the Procuring Party within thirty (30) business days from the effective date of the purchase transaction. If the loan file and/or collateral are missing, TSAC, through its contracted servicer, shall forward a Memorandum of Understanding which states that TSAC will repurchase a loan if the Procuring Party is unable to collect on the loan due to the missing loan file and/or collateral.
- A.10. TSAC, through its contracted servicer, shall forward the report, as described in A.8., to the Procuring Party with the loan files and collateral included in that rehabilitation cycle.
- A.11. TSAC, through its contracted servicer, shall report to the national credit bureaus within a timeframe specified by TSAC and the U.S. Department of Education statutory and regulatory requirements.
- A.12. The Procuring Party shall have the capability of processing rehabilitated defaulted FFELP loans, including and without limitation, Federal Stafford (subsidized and unsubsidized) Loans, Federal PLUS (parent and graduate/professional) Loans, and Federal Consolidation Loans.
- A.13. The Procuring Party shall ensure that the formats, programs, procedures, and documentation for the Loan Rehabilitation Program meets TSAC, and the U.S. Department of Education regulatory and statutory requirements, and complies with all applicable statutes, regulations, directives, and initiatives for the Federal Family Education Loan Program.
- A.14. The Procuring Party shall be capable of meeting and exceeding the requirements stated in this Scope of Services.
- A.15. The Procuring Party shall purchase all eligible rehabilitated loans regardless of the original lender.
- A.16. The premiums paid by the Procuring Party shall not be added to the borrower's loan balance.
- A.17. The Procuring Party shall ensure that the rehabilitated loans purchased through TSAC's Loan Rehabilitation Program are loaded to their system within forty-five (45) business days from the effective date of the purchase transaction.
- A.18. The Procuring Party shall establish a repayment schedule with rehabilitated borrowers that meets TSAC, and the U.S. Department of Education statutory and regulatory requirements on Loan Rehabilitation, and complies with all applicable statutes, regulations, directives, and initiatives for the Federal Family Education Loan Program.
- A.19. The Procuring Party shall provide to TSAC a monthly report that reflects the performance of the rehabilitated loan portfolio regarding delinquency, loans cured, and re-default in a mutually agreed upon (either manual or electronic) format. The report shall include, at a minimum:
- Borrower Social Security Number,
 - Borrower Full Name,
 - Loan Type,
 - Guarantee Date,
 - Rehabilitation Date,
 - Total Loan Balance,
 - Next Due Date,
 - Number of days delinquent,
 - Cure Date,
 - Cure Type,
 - Re-default Date, and

- Default Type.

B. CONTRACT TERM:

This Contract shall be effective for the period commencing on October 1, 2007 and ending on September 30, 2012.

C. PAYMENT TERMS AND CONDITIONS:

The Procuring Party's remittance for each rehabilitated loan shall consist of separate ACH payments on the scheduled effective date of the purchase. The first payment will represent the value of the rehabilitated loan. This value shall be the total of the full principal balance outstanding, accrued interest, and any other permissible costs, as defined in Title IV of the Higher Education Act of 1965, as amended, that are payable by the borrower.

The second ACH payment will consist of the premium. The premium shall be the product of the pertinent percentage (see table below) applied to the value of the rehabilitated loan (above).

Percentage Premium per Rehabilitated Loan Amount (rounded to three decimal places - .000)				
Year 1 10/01/07 – 09/30/08	Year 2 10/01/08 – 09/30/09	Year 3 10/01/09 – 09/30/10	Year 4 10/01/10 – 09/30/11	Year 5 10/01/11 – 09/30/12
103.445	103.445	103.445	103.445	103.445

For any federal legislative mandates which affect rehabilitation loan yields, the resulting percentage of change in loan yields shall be applied to the existing premium percentage to determine the new Premium for Rehabilitated Loans.

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. The State is not bound by this Contract or any amendment thereof until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.
- D.2. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.
- D.3. Termination for Convenience. The Contract may be terminated by either party by giving written notice to the other, at least ninety (90) days before the effective date of termination. Said termination shall not be deemed a Breach of Contract by the State. Should the State exercise this provision, the State shall have no liability to the Procuring Party. Should either the State or the Procuring Party exercise this provision, the Procuring Party shall be required to compensate the State for satisfactory, authorized services completed as of the termination date and shall have no liability to the State except for those units of service which can be effectively used by the Procuring Party. The final decision, as to what these units of service are, shall be determined by the State. In the event of disagreement, the Procuring Party may file a claim with the Tennessee Claims Commission in order to seek redress.

Upon such termination, the Procuring Party shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

- D.4. Termination for Cause. If the Procuring Party fails to properly perform or fulfill its obligations under this Contract in a timely or proper manner or violates any terms of this Contract, the State shall have the right to immediately terminate the Contract. The Procuring Party shall compensate the State for completed services.
- D.5. Subcontracting. The Procuring Party shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved, they shall contain, at a minimum, sections of this Contract below pertaining to "Conflicts of Interest," "Nondiscrimination," and "Records" (as identified by the section headings).
- D.6. Conflicts of Interest. The Procuring Party warrants that no amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Procuring Party in connection with any work contemplated or performed relative to this Contract other than as required by Section A of this Contract.
- D.7. Nondiscrimination. The State and the Procuring Party hereby agree, warrant, and assure that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the State or the Procuring Party on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law.
- D.8. Records. The Procuring Party shall maintain documentation for its transactions with the State under this Contract. The books, records, and documents of the Procuring Party, insofar as they relate to work performed or money paid under this Contract, shall be maintained for a period of three (3) full years from the final date of this Contract and shall be subject to audit, at any reasonable time and upon reasonable notice, by the State agency, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.9. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this agreement shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision.
- D.10. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

Claims against the State of Tennessee, or its employees, or injury damages expenses or attorney's fees are heard and determined by the Tennessee Claims Commission or the Tennessee Board of Claims in the manner prescribed by law (*Tennessee Code Annotated*, Sections 9-8-101 *et seq.*, 9-8-301 *et seq.*, and 9-8-401 *et seq.*). Damages recoverable against the State of Tennessee shall be expressly limited to claims paid by the Board of Claims or the Claims Commission pursuant to *Tennessee Code Annotated*, Section 9-8-301 *et seq.*

- D.11. State Liability. The State shall have no liability except as specifically provided in this Contract.

- D.12. State and Federal Compliance. The Procuring Party and the State shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.13. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Procuring Party agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Procuring Party acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under *Tennessee Code Annotated*, Sections 9-8-101 through 9-8-407.
- D.14. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- D.15. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.
- D.16. Headings. Section headings are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

- E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.
- E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:

Levis Hughes, Associate Executive Director of Loan Administration
Tennessee Student Assistance Corporation
404 James Robertson Parkway, Suite 1510, Nashville, TN, 37243-0820
Levis.Hughes@state.tn.us
Telephone # 615-741-3000 x126
FAX # 615-741-6101

The Procuring Party:

Ron Gambill
Educational Funding of the South, Inc.
501 Corporate Centre Drive, Suite 320, Franklin, TN, 37067
rgambill@edsouth.org
Telephone # 615-771-8505
FAX # 615-771-8276

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received

mechanically by the fax machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

- E.3. Incorporation of Additional Documents. Included in this Contract by reference are the following documents:
- a. The Contract document and its attachments
 - b. All Clarifications and addenda made to the Procuring Party's Proposal
 - c. The Request for Proposal and its associated amendments
 - d. Technical Specifications provided to the Procuring Party
 - e. The Procuring Party's Proposal

In the event of a discrepancy or ambiguity regarding the Procuring Party's duties, responsibilities, and performance under this Contract, these documents shall govern in order of precedence detailed above.

- E.4. Confidentiality of Records. Strict standards of confidentiality of records shall be maintained in accordance with the law. All material and information, regardless of form, medium or method of communication, provided to the Procuring Party by the State or acquired by the Procuring Party on behalf of the State shall be regarded as confidential information in accordance with the provisions of State law and ethical standards and shall not be disclosed, and all necessary steps shall be taken by the Procuring Party to safeguard the confidentiality of such material or information in conformance with State law and ethical standards.

The Procuring Party will be deemed to have satisfied its obligations under this section by exercising the same level of care to preserve the confidentiality of the State's information as the Procuring Party exercises to protect its own confidential information so long as such standard of care does not violate the applicable provisions of the first paragraph of this section.

The Procuring Party's obligations under this section do not apply to information in the public domain; entering the public domain but not from a Breach by the Procuring Party of this Contract; previously possessed by the Procuring Party without written obligations to the State to protect it; acquired by the Procuring Party without written restrictions against disclosure from a third party which, to the Procuring Party's knowledge, is free to disclose the information; independently developed by the Procuring Party without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure.

It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Contract.

- E.5. Prohibited Advertising. The Procuring Party shall not refer to this Contract or the Procuring Party's relationship with the State hereunder in commercial advertising in such a manner as to state or imply that the Procuring Party or the Procuring Party's services are endorsed.
- E.6. Non-Competition. Neither the Procuring Party, nor any affiliate of the Procuring Party, nor any contractual or ownership interests in or with the Procuring Party shall actively market against TSAC for loan guarantees within the State of Tennessee. An annual report displaying the Procuring Party's level of student loan business by school within the State of Tennessee shall be provided to TSAC. A change of ownership or a change in ownership interests shall be reported to TSAC when the change occurs or at least yearly, whichever occurs first.

E.7. Active Participation. The Procuring Party will provide a statement that it has an active participation agreement with TSAC and is currently paying the Federal Default Fee on behalf of student borrowers and parent borrowers.

IN WITNESS WHEREOF:

EDUCATIONAL FUNDING OF THE SOUTH:

RON GAMBILL, CHAIRMAN/CEO **DATE**

TENNESSEE STUDENT ASSISTANCE CORPORATION:

ROBERT RUBLE, EXECUTIVE DIRECTOR **DATE**

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. GOETZ, JR., COMMISSIONER **DATE**

DEPARTMENT OF PERSONNEL:

DEBORAH E. STORY, COMMISSIONER **DATE**

COMPTROLLER OF THE TREASURY:

JOHN G. MORGAN, COMPTROLLER OF THE TREASURY **DATE**



**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
TENNESSEE STUDENT ASSISTANCE CORPORATION
AND
SUNTRUST BANK**

This Contract, by and between the State of Tennessee, Tennessee Student Assistance Corporation, hereinafter referred to as the "State" or "TSAC" and SunTrust Bank, hereinafter referred to as the "Procuring Party," is for the provision of obtaining up to two parties to purchase loans from TSAC through its Loan Rehabilitation Program. Loan Rehabilitation is a service which allows borrowers with defaulted Federal Stafford (subsidized and unsubsidized) Loans, Federal PLUS (parent and graduate/professional) Loans, and Federal Consolidation Loans to remove the default status on their loans and repair their credit history if nine (9) consecutive, on-time, voluntary monthly payments have been made within a ten (10) month period, as further defined in the "SCOPE OF SERVICES."

The Procuring Party is a state banking organization.

The Procuring Party's address is 1001 Semmes Avenue, Richmond, VA, 23224.

The Procuring Party's place of incorporation or organization is Georgia.

A. SCOPE OF SERVICES:

- A.1. TSAC, through its contracted servicer, shall have the capability of processing rehabilitated defaulted FFELP loans, including and without limitation, Federal Stafford (subsidized and unsubsidized) Loans, Federal PLUS (parent and graduate/professional) Loans, and Federal Consolidation Loans.
- A.2. TSAC, through its contracted servicer, shall ensure that the formats, programs, procedures, and documentation for the Loan Rehabilitation Program meets TSAC, and the U.S. Department of Education regulatory and statutory requirements, and complies with all applicable statutes, regulations, directives, and initiatives for the Federal Family Education Loan Program.
- A.3. TSAC shall make no guarantee as to the volume of rehabilitated loans to be purchased by the Procuring Party under this Contract.
- A.4. TSAC, through its contracted servicer, shall begin offering the Procuring Party loans which meet the Loan Rehabilitation Program requirements on an alternating monthly schedule for one year. Based on the performance data received during the first year, TSAC will establish a monthly performance percentage of either 50/50, 60/40, or 70/30 based upon the following objective formula:

If the competing Procuring Parties' performance statistics are evenly scored on the following three performance criteria, the monthly placement percentage will be 50/50. Should one Procuring Party score higher than the other Procuring Party on the bulleted items by a net score of one, the monthly placement percentage will be 60/40 in favor of the Procuring Party with the higher score. Should one Procuring Party

score higher than the other Procuring Party on the bulleted items by a net score of two or more, the monthly placement percentage will be 70/30 in favor of the Procuring Party with the higher score.

The scores shall be objectively calculated using the following measures of each of the three performance criteria:

- The number, dollar value, and percentage of loans which are greater than 60 days delinquent;
- The number, dollar value, and percentage of loans which re-default for non-payment;
- The number, dollar value, and percentage of loans which were cured and the types of cures effected to cure the account.

“Cure” refers to the method in which an account is brought current (i.e. payments).

- A.5. TSAC, through its contracted servicer, shall identify those borrowers who meet the Loan Rehabilitation Program requirements and validate their eligibility based on TSAC and the U.S. Department of Education regulatory and statutory requirements, and comply with all applicable statutes, regulations, directives, and initiatives for the Federal Family Education Loan Program.
- A.6. TSAC, through its contracted servicer, shall provide the estimated number and dollar volume of loans to be rehabilitated up to five (5) business days before the effective date of the purchase transaction to the Procuring Party in a mutually agreed upon format (i.e., e-mail or other electronic process).
- A.7. TSAC, through its contracted servicer, shall provide the actual number and dollar volume of loans to be rehabilitated up to three (3) business days before the effective date of the purchase transaction to the Procuring Party in a mutually agreed upon format (i.e., email or other electronic process).
- A.8. TSAC, through its contracted servicer, shall provide a report of all loans that are eligible for rehabilitation in each rehabilitation cycle to the Procuring Party in a mutually agreed upon (either manual or electronic) format. The report shall include, at a minimum:
- Borrower Social Security Number,
 - Borrower Full Name,
 - Borrower Address,
 - Borrower Phone Number,
 - Borrower DOB,
 - Student Social Security Number, if PLUS loan,
 - Student Full Name, if a PLUS loan,
 - Student Address, if a PLUS loan,
 - Student Phone Number, if a PLUS loan,
 - Student DOB, if a PLUS loan,
 - Loan Type,
 - Guarantor ID,
 - Guarantee Date,
 - Guarantee Amount,
 - Interest Rate,
 - Principal Outstanding,
 - Collection Costs,
 - Total Loan Balance,
 - Next Due Date,
 - Effective Purchase Date, and
 - Number and Dollar volume of loans to be rehabilitated.

- A.9. TSAC, through its contracted servicer, shall forward the loan file and collateral (i.e., Master Promissory Note) for each borrower rehabilitated to the Procuring Party within thirty (30) business days from the effective date of the purchase transaction. If the loan file and/or collateral are missing, TSAC, through its contracted servicer, shall forward a Memorandum of Understanding which states that TSAC will repurchase a loan if the Procuring Party is unable to collect on the loan due to the missing loan file and/or collateral.
- A.10. TSAC, through its contracted servicer, shall forward the report, as described in A.8., to the Procuring Party with the loan files and collateral included in that rehabilitation cycle.
- A.11. TSAC, through its contracted servicer, shall report to the national credit bureaus within a timeframe specified by TSAC and the U.S. Department of Education statutory and regulatory requirements.
- A.12. The Procuring Party shall have the capability of processing rehabilitated defaulted FFELP loans, including and without limitation, Federal Stafford (subsidized and unsubsidized) Loans, Federal PLUS (parent and graduate/professional) Loans, and Federal Consolidation Loans.
- A.13. The Procuring Party shall ensure that the formats, programs, procedures, and documentation for the Loan Rehabilitation Program meets TSAC, and the U.S. Department of Education regulatory and statutory requirements, and complies with all applicable statutes, regulations, directives, and initiatives for the Federal Family Education Loan Program.
- A.14. The Procuring Party shall be capable of meeting and exceeding the requirements stated in this Scope of Services.
- A.15. The Procuring Party shall purchase all eligible rehabilitated loans regardless of the original lender.
- A.16. The premiums paid by the Procuring Party shall not be added to the borrower's loan balance.
- A.17. The Procuring Party shall ensure that the rehabilitated loans purchased through TSAC's Loan Rehabilitation Program are loaded to their system within forty-five (45) business days from the effective date of the purchase transaction.
- A.18. The Procuring Party shall establish a repayment schedule with rehabilitated borrowers that meets TSAC, and the U.S. Department of Education statutory and regulatory requirements on Loan Rehabilitation, and complies with all applicable statutes, regulations, directives, and initiatives for the Federal Family Education Loan Program.
- A.19. The Procuring Party shall provide to TSAC a monthly report that reflects the performance of the rehabilitated loan portfolio regarding delinquency, loans cured, and re-default in a mutually agreed upon (either manual or electronic) format. The report shall include, at a minimum:
- Borrower Social Security Number,
 - Borrower Full Name,
 - Loan Type,
 - Guarantee Date,
 - Rehabilitation Date,
 - Total Loan Balance,
 - Next Due Date,
 - Number of days delinquent,
 - Cure Date,
 - Cure Type,
 - Re-default Date, and
 - Default Type.

B. CONTRACT TERM:

This Contract shall be effective for the period commencing on October 1, 2007 and ending on September 30, 2012.

C. PAYMENT TERMS AND CONDITIONS:

The Procuring Party's remittance for each rehabilitated loan shall consist of separate ACH payments on the scheduled effective date of the purchase. The first payment will represent the value of the rehabilitated loan. This value shall be the total of the full principal balance outstanding, accrued interest, and any other permissible costs, as defined in Title IV of the Higher Education Act of 1965, as amended, that are payable by the borrower.

The second ACH payment will consist of the premium. The premium shall be the product of the pertinent percentage (see table below) applied to the value of the rehabilitated loan (above).

Percentage Premium per Rehabilitated Loan Amount (rounded to three decimal places - .000)				
Year 1 10/01/07 – 09/30/08	Year 2 10/01/08 – 09/30/09	Year 3 10/01/09 – 09/30/10	Year 4 10/01/10 – 09/30/11	Year 5 10/01/11 – 09/30/12
101.75	101.75	101.75	101.75	101.75

For any federal legislative mandates which affect rehabilitation loan yields, the resulting percentage of change in loan yields shall be applied to the existing premium percentage to determine the new Premium for Rehabilitated Loans.

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. The State is not bound by this Contract or any amendment thereof until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.
- D.2. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.
- D.3. Termination for Convenience. The Contract may be terminated by either party by giving written notice to the other, at least ninety (90) days before the effective date of termination. Said termination shall not be deemed a Breach of Contract by the State. Should the State exercise this provision, the State shall have no liability to the Procuring Party. Should either the State or the Procuring Party exercise this provision, the Procuring Party shall be required to compensate the State for satisfactory, authorized services completed as of the termination date and shall have no liability to the State except for those units of service which can be effectively used by the Procuring Party. The final decision, as to what these units of service are, shall be determined by the State. In the event of disagreement, the Procuring Party may file a claim with the Tennessee Claims Commission in order to seek redress.

Upon such termination, the Procuring Party shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

- D.4. Termination for Cause. If the Procuring Party fails to properly perform or fulfill its obligations under this Contract in a timely or proper manner or violates any terms of this Contract, the State shall have the right to immediately terminate the Contract. The Procuring Party shall compensate the State for completed services.
- D.5. Subcontracting. The Procuring Party shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved, they shall contain, at a minimum, sections of this Contract below pertaining to "Conflicts of Interest," "Nondiscrimination," and "Records" (as identified by the section headings).
- D.6. Conflicts of Interest. The Procuring Party warrants that no amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Procuring Party in connection with any work contemplated or performed relative to this Contract other than as required by Section A of this Contract.
- D.7. Nondiscrimination. The State and the Procuring Party hereby agree, warrant, and assure that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the State or the Procuring Party on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law.
- D.8. Records. The Procuring Party shall maintain documentation for its transactions with the State under this Contract. The books, records, and documents of the Procuring Party, insofar as they relate to work performed or money paid under this Contract, shall be maintained for a period of three (3) full years from the final date of this Contract and shall be subject to audit, at any reasonable time and upon reasonable notice, by the State agency, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.9. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this agreement shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision.
- D.10. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

Claims against the State of Tennessee, or its employees, or injury damages expenses or attorney's fees are heard and determined by the Tennessee Claims Commission or the Tennessee Board of Claims in the manner prescribed by law (*Tennessee Code Annotated*, Sections 9-8-101 *et seq.*, 9-8-301 *et seq.*, and 9-8-401 *et seq.*). Damages recoverable against the State of Tennessee shall be expressly limited to claims paid by the Board of Claims or the Claims Commission pursuant to *Tennessee Code Annotated*, Section 9-8-301 *et seq.*

- D.11. State Liability. The State shall have no liability except as specifically provided in this Contract.

- D.12. State and Federal Compliance. The Procuring Party and the State shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.13. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Procuring Party agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Procuring Party acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under *Tennessee Code Annotated*, Sections 9-8-101 through 9-8-407.
- D.14. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- D.15. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.
- D.16. Headings. Section headings are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

- E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.
- E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:

Levis Hughes, Associate Executive Director of Loan Administration
Tennessee Student Assistance Corporation
404 James Robertson Parkway, Suite 1510, Nashville, TN, 37243-0820
Levis.Hughes@state.tn.us
Telephone # 615-741-3000 x126
FAX # 615-741-6101

The Procuring Party:

Mary Ellen Hazel
SunTrust Bank
1001 Semmes Avenue
Maryellen.hazel@suntrust.com
Telephone # 804-319-4547
FAX # 804-319-4823

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received

mechanically by the fax machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

E.3. Incorporation of Additional Documents. Included in this Contract by reference are the following documents:

- a. The Contract document and its attachments
- b. All Clarifications and addenda made to the Procuring Party's Proposal
- c. The Request for Proposal and its associated amendments
- d. Technical Specifications provided to the Procuring Party
- e. The Procuring Party's Proposal

In the event of a discrepancy or ambiguity regarding the Procuring Party's duties, responsibilities, and performance under this Contract, these documents shall govern in order of precedence detailed above.

E.4. Confidentiality of Records. Strict standards of confidentiality of records shall be maintained in accordance with the law. All material and information, regardless of form, medium or method of communication, provided to the Procuring Party by the State or acquired by the Procuring Party on behalf of the State shall

be regarded as confidential information in accordance with the provisions of State law and ethical standards and shall not be disclosed, and all necessary steps shall be taken by the Procuring Party to safeguard the confidentiality of such material or information in conformance with State law and ethical standards.

The Procuring Party will be deemed to have satisfied its obligations under this section by exercising the same level of care to preserve the confidentiality of the State's information as the Procuring Party exercises to protect its own confidential information so long as such standard of care does not violate the applicable provisions of the first paragraph of this section.

The Procuring Party's obligations under this section do not apply to information in the public domain; entering the public domain but not from a Breach by the Procuring Party of this Contract; previously possessed by the Procuring Party without written obligations to the State to protect it; acquired by the Procuring Party without written restrictions against disclosure from a third party which, to the Procuring Party's knowledge, is free to disclose the information; independently developed by the Procuring Party without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure.

It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Contract.

E.5. Prohibited Advertising. The Procuring Party shall not refer to this Contract or the Procuring Party's relationship with the State hereunder in commercial advertising in such a manner as to state or imply that the Procuring Party or the Procuring Party's services are endorsed.

E.6. Non-Competition. Neither the Procuring Party, nor any affiliate of the Procuring Party, nor any contractual or ownership interests in or with the Procuring Party shall actively market against TSAC for loan guarantees within the State of Tennessee. An annual report displaying the Procuring Party's level of student loan business by school within the State of Tennessee shall be provided to TSAC. A change of ownership or a change in ownership interests shall be reported to TSAC when the change occurs or at least yearly, whichever occurs first.

E.7. Active Participation. The Procuring Party will provide a statement that it has an active participation agreement with TSAC and is currently paying the Federal Default Fee on behalf of student borrowers and parent borrowers.

IN WITNESS WHEREOF:

SUNTRUST BANK:

MARKE A. THOMAS, SENIOR VICE PRESIDENT

DATE

TENNESSEE STUDENT ASSISTANCE CORPORATION:

ROBERT RUBLE, EXECUTIVE DIRECTOR

DATE

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. GOETZ, JR., COMMISSIONER

DATE

DEPARTMENT OF PERSONNEL:

DEBORAH E. STORY, COMMISSIONER

DATE

COMPTROLLER OF THE TREASURY:

JOHN G. MORGAN, COMPTROLLER OF THE TREASURY

DATE

TENNESSEE STUDENT ASSISTANCE CORPORATION
Thursday, September 27, 2007

DISCUSSION ITEM A: Grant and Scholarship Programs Update

Staff Recommendation For discussion only.

Background Tennessee Student Assistance Awards (TSAA) totaling \$85.6 million were awarded to 37,054 students for the 2007-08 award year.

Funds were able to be awarded to students who applied through March 24, 2007 due to receipt of \$10 million from the lottery reserve and \$3.8 million from the tobacco tax.

Available TSAA resources for 2007-08 total about \$59 million. The Board approved a 145% over-commitment, which explains why \$85.6 million has been offered.

The year-end figures for 2006-2007 indicate 95.5% actual expenditures, which represents 19,863 students receiving \$42.5 million.

The Tennessee Education Lottery Scholarship (TELS) has concluded the 2006-2007 award year by providing awards to approximately 60,000 students at just over \$188 million.

TSAC estimates that for the 2007-2008 award year, 68,000 students will receive a TELS award totaling \$211,000,000.

Supporting Document *Tennessee Student Assistance Award Program Update,*
September 1, 2007.
Tennessee Education Lottery Scholarship Program Update,
September 1, 2007.

Tennessee Student Assistance Award
Program Update

September 1, 2007

Tennessee Student Assistance Corporation
Parkway Towers, Suite 1950
404 James Robertson Parkway
Nashville, Tennessee 37243-0820
(615) 741-1346

www.CollegePaysTN.com

**Grant and Scholarships
Summary Report
2007-2008 Summary**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible Through 09/01/07	
	Students	\$	Students	\$	Students	\$
Tennessee Student Assistance Award (TSAA)						
Independent / Four-Year	3,812	\$14,803,519	4,357	\$16,515,578	6,265	\$26,893,253
Independent / Two-Year	42	139,527	61	221,867	94	393,459
School of Nursing	1	609	0	0	0	0
University of Tennessee System	2,483	4,872,456	2,560	5,265,487	4,368	9,908,037
Board of Regents / Four-Year	6,100	11,763,026	6,418	12,849,869	11,166	25,342,644
Board of Regents / Two-Year	4,751	4,429,408	4,902	4,881,652	10,006	13,554,714
TN Technology Centers	973	510,002	1,003	692,633	2,716	3,160,773
Propriety Institutions	1,165	1,929,330	1,250	2,074,999	2,528	5,739,486
TOTAL	19,327	\$38,447,877	20,551	\$42,502,085	37,143	\$84,992,366
Dependent Children Scholarship						
Independent / Four-Year	5	\$35,516	6	\$39,792	8	\$56,109
Independent / Two-Year	0	0	0	0	0	0
University of Tennessee System	6	29,012	3	13,935	3	13,314
Board of Regents / Four-Year	12	60,450	13	62,243	10	52,905
Board of Regents / Two-Year	4	8,478	7	22,221	6	15,582
TN Technology Centers	0	0	0	0	0	0
Propriety Institutions	0	0	0	0	0	0
TOTAL	27	\$133,456	29	\$138,191	27	\$137,910
Ned McWherter Scholars						
Independent / Four-Year	96	\$277,500	104	\$304,500	110	\$330,000
Independent / Two-Year	0	0	0	0	0	0
University of Tennessee System	52	148,500	53	151,500	52	153,000
Board of Regents / Four-Year	19	54,000	23	67,500	21	63,000
Board of Regents / Two-Year	0	0	0	0	0	0
TN Technology Centers	0	0	0	0	0	0
Propriety Institutions	0	0	0	0	0	0
TOTAL	167	\$480,000	180	\$523,500	183	\$546,000
Robert C. Byrd Honors Scholarship						
Independent / Four-Year	103	\$149,250	113	\$162,750	\$111	\$166,500
Independent / Two-Year	0	0	0	0	0	0
University of Tennessee System	148	213,232	167	236,250	166	246,000
Board of Regents / Four-Year	152	212,000	145	204,917	141	208,500
Board of Regents / Two-Year	37	47,250	38	46,500	38	55,500
TN Technology Centers	0	0	1	500	1	1,500
Propriety Institutions	1	1,500	0	0	1	1,500
Out-of-State Institutions	96	133,750	80	114,625	76	113,250
TOTAL	537	\$756,982	544	\$765,542	534	\$792,750
Minority Teaching Fellows						
Independent / Four-Year	21	\$88,363	15	\$70,000	15	\$75,000
Independent / Two-Year	0	0	0	0	0	0
University of Tennessee System	31	145,541	32	153,232	33	160,000
Board of Regents / Four-Year	61	285,000	60	292,500	54	270,000
Board of Regents / Two-Year	0	0	5	14,495	2	5,000
TN Technology Centers	0	0	0	0	0	0
Propriety Institutions	0	0	0	0	0	0
TOTAL	113	\$518,904	112	\$530,227	104	\$510,000
Tennessee Teaching Scholars						
Independent / Four-Year	44	\$169,875	64	\$224,413	43	\$165,375
Independent / Two-Year	0	0	0	0	0	0
University of Tennessee System	58	247,500	74	311,062	69	298,125
Board of Regents / Four-Year	48	181,687	52	212,062	49	197,437
Board of Regents / Two-Year	0	0	0	0	0	0
TN Technology Centers	0	0	0	0	0	0
Propriety Institutions	0	0	0	0	0	0
TOTAL	150	\$599,062	190	\$747,537	161	\$660,937

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible Through 09/01/07	
	Students	\$	Students	\$	Students	\$
ALL PROGRAMS						
Independent / Four-Year	4,081	\$15,524,023	4,659	\$17,317,033	6,552	\$27,686,237
Independent / Two-Year	42	139,527	61	221,867	94	393,459
School of Nursing	1	609	0	0	0	0
University of Tennessee System	2,778	5,656,241	2,889	6,131,466	4,691	10,778,476
Board of Regents / Four-Year	6,392	12,556,163	6,711	13,689,091	11,441	26,134,486
Board of Regents / Two-Year	4,792	4,485,136	4,952	4,964,868	10,052	13,630,796
TN Technology Centers	973	510,002	1,004	693,133	2,717	3,162,273
Propriety Institutions	1,166	1,930,830	1,250	2,074,999	2,529	5,740,986
Out-of-State Institutions	96	133,750	80	114,625	76	113,250
GRAND TOTAL	20,321	\$40,936,281	21,606	\$45,207,082	38,152	\$87,639,963

**Grant and Scholarships
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2007-2008 Summary
TSAA Awards By Institution**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible Through 09/01/07	
	Students	\$	Students	\$	Students	\$
Independent / Four -Year						
American Baptist College	16	\$32,841	10	\$19,641	17	\$39,210
Aquinas College	69	240,333	82	283,863	116	526,995
Aquinas College-Primetime	17	51,054	22	72,000	29	116,298
Baptist Mem. Coll. Health & Science	86	160,938	110	212,901	177	398,325
Belmont University	113	486,712	109	456,952	185	834,576
Bethel College	252	907,904	354	1,339,813	526	2,360,195
Bryan College	61	225,835	84	308,119	95	417,780
Carson Newman College	171	723,292	195	803,071	270	1,222,194
Christian Brothers University	240	1,024,571	223	924,802	324	1,485,369
Crichton College	110	386,333	184	653,976	263	1,192,737
Cumberland University	163	687,275	140	601,899	182	825,981
David Lipscomb University	84	346,595	78	325,542	136	616,794
Fisk University	36	156,439	45	198,294	52	239,814
Free Will Baptist Bible College	10	36,507	10	42,303	14	64,326
Freed Hardeman University	165	724,228	116	478,413	159	727,953
Johnson Bible College	21	54,089	14	43,101	29	101,034
King College	67	286,908	72	303,835	90	398,913
Lambuth University	100	438,583	100	429,789	152	693,567
Lane College	283	944,376	437	1,458,942	503	1,944,804
Lee University	142	577,686	183	727,478	255	1,162,479
LeMoyne-Owen College	215	867,910	239	935,724	261	1,203,162
Lincoln Memorial University	190	789,752	260	1,025,107	278	1,262,778
Martin Methodist University	163	592,117	204	778,081	307	1,397,508
Maryville College	121	543,458	106	472,155	175	798,540
Memphis College of Art	45	185,649	42	168,030	42	192,336
Milligan College	45	195,309	46	195,546	69	310,836
Rhodes College	27	117,332	24	98,214	61	278,484
South College	52	86,062	89	148,808	213	488,926
Southern Adventist University	33	138,887	36	156,288	59	269,829
Tennessee Temple University	12	26,319	8	15,954	35	79,182
Tennessee Wesleyan College	132	539,781	138	563,643	182	832,677
Trevecca Nazarene University	59	231,484	76	305,058	113	514,191
Tusculum College	285	1,037,547	264	948,784	463	1,994,753
Union University	99	434,341	129	510,111	212	963,192
University of the South	27	120,642	32	143,334	37	167,556
Vanderbilt University	76	353,001	79	330,268	157	709,218
Watkins Inst College of Art & Design	25	51,429	17	35,739	27	60,741
TOTAL	3,812	\$14,803,519	4,357	\$16,515,578	6,265	\$26,893,253
Independent / Two-Year						
Hiwassee College	35	\$127,638	52	\$201,936	75	\$332,994
John A. Gupton College	5	10,191	7	17,475	15	52,905
Wm R Moore School of Technology	2	1,698	2	2,456	4	7,560
TOTAL	42	\$139,527	61	\$221,867	94	\$393,459
School of Nursing						
Methodist Hosp School of Nursing	1	\$609	0	\$0	0	\$0
TOTAL	1	\$609	0	\$0	0	\$0

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TSA Awards By Institution**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible Through 09/01/07	
	Students	\$	Students	\$	Students	\$
University of Tennessee System						
University of TN, Chattanooga	559	\$1,031,652	596	\$1,227,036	1,095	\$2,482,152
University of TN, Health Science Ctr.	6	9,249	19	39,747	13	29,562
University of TN, Knoxville	1,169	2,400,145	1,168	2,426,750	2,003	4,545,258
University of TN, Martin	749	1,431,410	777	1,571,954	1,257	2,851,065
TOTAL	2,483	\$4,872,456	2,560	\$5,265,487	4,368	\$9,908,037
Board of Regents / Four-Year						
Austin Peay State University	739	\$1,429,362	794	\$1,559,522	1,388	\$3,160,128
East Tennessee State University	913	1,700,648	957	1,922,107	1,447	3,279,567
Middle Tennessee State University	1,220	2,371,866	1,268	2,500,484	2,212	5,014,140
Tennessee State University	804	1,559,929	877	1,806,687	1,712	3,891,090
Tennessee Technological University	494	925,294	575	1,183,012	1,016	2,294,163
University of Memphis	1,930	3,775,927	1,947	3,878,057	3,391	7,703,556
TOTAL	6,100	\$11,763,026	6,418	\$12,849,869	11,166	\$25,342,644
Board of Regents / Two-Year						
Chattanooga State Tech Com College	369	\$331,890	435	\$427,440	946	\$1,309,761
Cleveland State Community College	159	140,484	141	148,367	372	503,484
Columbia State Community College	251	236,184	254	258,352	469	628,209
Dyersburg State Community College	386	278,487	273	280,492	525	710,739
Jackson State Community College	305	279,828	393	385,823	806	1,083,180
Motlow State Community College	148	136,686	181	190,757	422	570,297
Nashville State Community College	315	284,873	342	335,843	658	882,312
Northeast State Tech Comm College	340	333,348	336	370,550	739	996,933
Pellissippi State Tech Comm College	362	360,044	294	315,361	642	888,252
Roane State Community College	337	346,409	429	364,839	697	941,850
Southwest Tennessee Comm College	1,156	1,133,163	1,166	1,180,677	2,216	2,990,484
Volunteer State Community College	278	245,128	284	255,896	631	856,932
Walters State Community College	345	322,884	374	367,255	883	1,192,281
TOTAL	4,751	\$4,429,408	4,902	\$4,881,652	10,006	\$13,554,714
TN Technology Centers						
TN Tech Center at Athens	16	\$7,628	17	\$13,356	78	\$93,078
TN Tech Center at Chattanooga	31	18,252	47	39,787	55	56,540
TN Tech Center at Covington	14	4,436	21	14,918	42	48,990
TN Tech Center at Crossville	40	24,777	41	30,184	101	117,962
TN Tech Center at Crump	25	13,326	30	22,820	101	118,942
TN Tech Center at Dickson	33	19,388	40	25,196	120	141,216
TN Tech Center at Elizabethton	61	30,092	50	28,063	122	142,202
TN Tech Center at Harriman	27	16,318	35	29,623	54	63,778
TN Tech Center at Hartsville	14	7,736	11	6,766	84	95,644
TN Tech Center at Hohenwald	69	32,300	70	49,250	73	86,438
TN Tech Center at Jacksboro	32	19,242	31	21,546	41	47,318
TN Tech Center at Jackson	56	26,664	74	55,636	227	258,642
TN Tech Center at Knoxville	66	26,964	30	20,374	140	166,076
TN Tech Center at Livingston	34	17,690	30	19,638	109	127,970
TN Tech Center at McKenzie	22	15,270	34	29,212	70	79,992
TN Tech Center at McMinnville	23	12,266	34	19,408	81	95,781
TN Tech Center at Memphis	80	40,400	87	48,266	288	335,824
TN Tech Center at Morristown	83	46,712	61	34,094	208	243,336
TN Tech Center at Murfreesboro	21	10,760	22	15,574	46	53,590
TN Tech Center at Nashville	46	21,695	26	15,544	89	99,830
TN Tech Center at Newbern	15	7,140	23	19,050	114	135,342
TN Tech Center at Oneida	19	9,056	12	9,114	26	31,158
TN Tech Center at Paris	50	27,422	68	46,844	130	151,036
TN Tech Center at Pulaski	14	8,374	20	16,672	56	64,788
TN Tech Center at Ripley	29	16,256	29	19,988	38	43,590
TN Tech Center at Shelbyville	27	12,348	45	30,432	187	219,008
TN Tech Center at Whiteville	26	17,490	15	11,278	36	42,702
TOTAL	973	\$510,002	1,003	\$692,633	2,716	\$3,160,773

**Grant and Scholarships
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TSAA Awards By Institution**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible Through 09/01/07	
	Students	\$	Students	\$	Students	\$
Propriety Institutions						
Chattanooga College	50	\$69,374	39	\$59,058	77	\$174,790
ConCorde Career Institute	114	211,632	55	104,238	161	365,838
Draughons Jr College, Clarksville	27	48,225	36	62,736	65	146,934
Draughons Jr Coll, Murfreesboro	70	116,313	54	96,690	84	183,096
Draughons Jr College, Nashville	62	107,823	46	68,209	62	140,344
Fountainhead Coll of Technology	16	27,372	18	34,278	33	74,898
High Tech Institute, Memphis	0	0	138	225,230	152	348,102
High Tech Institute, Nashville	66	115,017	87	166,566	167	378,138
International Acad of Design & Tech	0	0	29	40,280	66	151,596
ITT Technical Institute, Cordova	0	0	5	3,862	13	28,428
ITT Technical Institute, Knoxville	78	133,717	51	89,633	90	202,526
ITT Technical Institute, Nashville	24	43,045	25	38,188	49	112,218
Kaplan Career College	65	91,956	64	100,323	121	277,092
MedVance Institute	32	42,093	25	26,084	55	125,378
Miller-Motte Bus Coll, Clarksville	41	75,450	39	69,766	86	193,134
Miller-Motte Tech Coll, Chattanooga	118	211,386	139	231,950	219	500,976
Miller-Motte Tech Coll, Goodlettsville	0	0	16	19,964	39	88,896
Nashville Auto-Diesel College	38	56,370	27	47,204	144	329,640
Nashville College of Medical Careers	26	33,165	28	35,883	40	83,937
National Coll of Bus/Tech, Bartlett	0	0	0	0	2	4,428
National Coll of Bus/Tech, Bristol	0	0	11	19,820	49	112,626
National Coll of Bus/Tech, Knoxville	53	84,666	48	78,506	114	259,728
National Coll of Bus/Tech, Madison	0	0	0	0	43	98,550
National Coll of Bus/Tech, Memphis	0	0	0	0	74	168,378
National Coll of Bus/Tech, Nashville	87	159,960	100	184,274	164	375,478
North Central Institute	5	11,322	4	6,942	2	4,644
Nossi College of Art	55	99,387	59	111,567	83	187,158
O'More College of Design	10	22,620	13	25,899	15	34,086
Remington College, Memphis	59	74,326	17	22,270	123	280,308
Remington College, Nashville	29	25,366	18	14,514	20	45,912
SAE Institute on Technology	1	774	2	4,620	13	29,594
Vatterott College	3	4,596	20	23,610	15	34,662
Virginia College	0	0	0	0	5	11,562
West Tennessee Business College	36	63,375	37	62,835	83	186,411
TOTAL	1,165	\$1,929,330	1,250	\$2,074,999	2,528	\$5,739,486

Total Awards By Institution Type

Independent / Four-Year	3,812	\$14,803,519	4,357	\$16,515,578	6,265	\$26,893,253
Independent / Two-Year	42	139,527	61	221,867	94	393,459
School of Nursing	1	609	0	0	0	0
University of Tennessee System	2,483	4,872,456	2,560	5,265,487	4,368	9,908,037
Board of Regents / Four-Year	6,100	11,763,026	6,418	12,849,869	11,166	25,342,644
Board of Regents / Two-Year	4,751	4,429,408	4,902	4,881,652	10,006	13,554,714
TN Technology Centers	973	510,002	1,003	692,633	2,716	3,160,773
Propriety Institutions	1,165	1,929,330	1,250	2,074,999	2,528	5,739,486
GRAND TOTAL	19,327	\$38,447,877	20,551	\$42,502,085	37,143	\$84,992,366

**Grant and Scholarships
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Dependent Children Scholarship By Institution**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible Through 09/01/07	
	Students	\$	Students	\$	Students	\$
Independent / Four -Year						
American Baptist College	0	\$0	0	\$0	0	\$0
Aquinas College	0	0	0	0	0	0
Aquinas College-Primetime	0	0	0	0	0	0
Baptist Mem. Coll. Health & Science	0	0	0	0	0	0
Belmont University	1	14,747	1	11,922	3	26,439
Bethel College	0	0	0	0	0	0
Bryan College	0	0	0	0	0	0
Carson Newman College	0	0	1	5,574	1	5,934
Christian Brothers University	0	0	0	0	0	0
Crichton College	0	0	0	0	0	0
Cumberland University	0	0	0	0	0	0
David Lipscomb University	1	5,290	2	11,148	2	11,868
Fisk University	0	0	0	0	0	0
Free Will Baptist Bible College	0	0	0	0	0	0
Freed Hardeman University	0	0	0	0	0	0
Johnson Bible College	0	0	0	0	0	0
King College	0	0	0	0	0	0
Lambuth University	1	5,290	1	5,574	0	0
Lane College	0	0	0	0	0	0
Lee University	0	0	0	0	0	0
LeMoyne-Owen College	1	7,544	0	0	0	0
Lincoln Memorial University	0	0	0	0	0	0
Martin Methodist University	0	0	0	0	0	0
Maryville College	0	0	0	0	0	0
Memphis College of Art	0	0	0	0	0	0
Milligan College	0	0	0	0	0	0
Rhodes College	0	0	0	0	0	0
South College	0	0	0	0	0	0
Southern Adventist University	0	0	0	0	0	0
Tennessee Temple University	0	0	0	0	0	0
Tennessee Wesleyan College	0	0	0	0	0	0
Trevecca Nazarene University	0	0	0	0	0	0
Tusculum College	0	0	0	0	0	0
Union University	1	2,645	1	5,574	2	11,868
University of the South	0	0	0	0	0	0
Vanderbilt University	0	0	0	0	0	0
Watkins Inst College of Art & Design	0	0	0	0	0	0
TOTAL	5	\$35,516	6	\$39,792	8	\$56,109
Independent / Two-Year						
TOTAL	0	\$0	0	\$0	0	\$0

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Dependent Children Scholarship By Institution**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible Through 09/01/07	
	Students	\$	Students	\$	Students	\$
University of Tennessee System						
University of TN, Chattanooga	2	\$7,852	1	\$5,574	1	\$5,934
University of TN, Health Science Ctr.	0	0	0	0	0	0
University of TN, Knoxville	3	15,870	1	5,574	2	7,380
University of TN, Martin	1	5,290	1	2,787	0	0
TOTAL	6	\$29,012	3	\$13,935	3	\$13,314
Board of Regents / Four Year						
Austin Peay State University	0	\$0	0	\$0	1	\$1,062
East Tennessee State University	0	0	0	0	0	0
Middle Tennessee State University	6	30,125	7	38,202	3	16,239
Tennessee State University	2	8,606	0	0	0	0
Tennessee Technological University	1	5,290	2	8,654	1	5,934
University of Memphis	3	16,429	4	15,387	5	29,670
TOTAL	12	\$60,450	13	\$62,243	10	\$52,905
Board of Regents / Two-Year						
Chattanooga State Tech Com College	0	\$0	0	\$0	0	\$0
Cleveland State Community College	0	0	0	0	0	0
Columbia State Community College	0	0	0	0	0	0
Dyersburg State Community College	2	2,104	2	5,533	1	2,634
Jackson State Community College	0	0	0	0	0	0
Motlow State Community College	0	0	0	0	0	0
Nashville State Community College	0	0	1	2,628	1	1,830
Northeast State Tech Comm College	0	0	1	5,790	2	6,216
Pellissippi State Tech Comm College	1	1,804	0	0	0	0
Roane State Community College	1	4,570	1	2,280	2	4,902
Southwest Tennessee Comm College	0	0	1	3,198	0	0
Volunteer State Community College	0	0	1	2,792	0	0
Walters State Community College	0	0	0	0	0	0
TOTAL	4	\$8,478	7	\$22,221	6	\$15,582
TN Technology Centers						
TOTAL	0	\$0	0	\$0	0	\$0
Propriety Institutions						
TOTAL	0	\$0	0	\$0	0	\$0
Total Awards By Institution Type						
Independent / Four-Year	5	\$35,516	6	\$39,792	8	\$56,109
Independent / Two-Year	0	0	0	0	0	0
University of Tennessee System	6	29,012	3	13,935	3	13,314
Board of Regents / Four-Year	12	60,450	13	62,243	10	52,905
Board of Regents / Two-Year	4	8,478	7	22,221	6	15,582
TN Technology Centers	0	0	0	0	0	0
Propriety Institutions	0	0	0	0	0	0
GRAND TOTAL	27	\$133,456	29	\$138,191	27	\$137,910

**Grant and Scholarships
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Ned McWherter Scholars By Institution**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible Through 09/01/07	
	Students	\$	Students	\$	Students	\$
Independent / Four -Year						
American Baptist College	0	\$0	0	\$0	0	\$0
Aquinas College	0	0	0	0	0	0
Aquinas College-Primetime	0	0	0	0	0	0
Baptist Mem. Coll. Health & Science	0	0	0	0	0	0
Belmont University	6	18,000	11	33,000	11	33,000
Bethel College	0	0	0	0	0	0
Bryan College	1	3,000	1	1,500	1	3,000
Carson Newman College	1	3,000	1	3,000	2	6,000
Christian Brothers University	0	0	1	3,000	1	3,000
Crichton College	0	0	0	0	0	0
Cumberland University	0	0	1	3,000	1	3,000
David Lipscomb University	5	13,500	6	18,000	9	27,000
Fisk University	0	0	0	0	0	0
Free Will Baptist Bible College	0	0	0	0	0	0
Freed Hardeman University	4	12,000	4	12,000	4	12,000
Johnson Bible College	0	0	0	0	0	0
King College	0	0	0	0	0	0
Lambuth University	0	0	0	0	0	0
Lane College	0	0	0	0	0	0
Lee University	0	0	2	6,000	2	6,000
LeMoyne-Owen College	0	0	0	0	0	0
Lincoln Memorial University	0	0	0	0	0	0
Martin Methodist University	0	0	0	0	0	0
Maryville College	3	9,000	3	9,000	3	9,000
Memphis College of Art	0	0	0	0	0	0
Milligan College	1	3,000	0	0	0	0
Rhodes College	9	27,000	8	24,000	6	18,000
South College	0	0	0	0	0	0
Southern Adventist University	0	0	0	0	0	0
Tennessee Temple University	0	0	0	0	0	0
Tennessee Wesleyan College	0	0	0	0	0	0
Trevecca Nazarene University	1	3,000	0	0	0	0
Tusculum College	0	0	0	0	0	0
Union University	0	0	1	3,000	1	3,000
University of the South	2	6,000	3	9,000	5	15,000
Vanderbilt University	63	180,000	62	180,000	64	192,000
Watkins Inst College of Art & Design	0	0	0	0	0	0
TOTAL	96	\$277,500	104	\$304,500	110	\$330,000
Independent / Two-Year						
TOTAL	0	\$0	0	\$0	0	\$0
University of Tennessee System						
University of TN, Chattanooga	0	\$0	2	\$4,500	2	\$6,000
University of TN, Health Science Ctr.	0	0	0	0	0	0
University of TN, Knoxville	48	136,500	46	132,000	45	132,000
University of TN, Martin	4	12,000	5	15,000	5	15,000
TOTAL	52	\$148,500	53	\$151,500	52	\$153,000
Board of Regents / Four Year						
Austin Peay State University	1	\$3,000	1	\$3,000	1	\$3,000
East Tennessee State University	4	12,000	3	9,000	3	9,000
Middle Tennessee State University	6	15,000	7	19,500	5	15,000
Tennessee State University	0	0	1	3,000	0	0
Tennessee Technological University	5	15,000	7	21,000	9	27,000
University of Memphis	3	9,000	4	12,000	3	9,000
TOTAL	19	\$54,000	23	\$67,500	21	\$63,000
Board of Regents / Two-Year						
TOTAL	0	\$0	0	\$0	0	\$0
TN Technology Centers						
TOTAL	0	\$0	0	\$0	0	\$0
Propriety Institutions						
TOTAL	0	\$0	0	\$0	0	\$0

**Grant and Scholarships
Summary Report
2007-2008 Summary
Ned McWherter Scholars By Institution**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible Through 09/01/07	
	Students	\$	Students	\$	Students	\$
Total Awards By Institution Type						
Independent / Four-Year	96	\$277,500	104	\$304,500	110	\$330,000
Independent / Two-Year	0	0	0	0	0	0
University of Tennessee System	52	148,500	53	151,500	52	153,000
Board of Regents / Four-Year	19	54,000	23	67,500	21	63,000
Board of Regents / Two-Year	0	0	0	0	0	0
TN Technology Centers	0	0	0	0	0	0
Propriety Institutions	0	0	0	0	0	0
GRAND TOTAL	167	\$480,000	180	\$523,500	183	\$546,000

**Grant and Scholarships
Summary Report
2007-2008 Summary
Robert C. Byrd Honors By Institution**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible Through 09/01/07	
	Students	\$	Students	\$	Students	\$
Independent / Four -Year						
American Baptist College	0	\$0	0	\$0	0	\$0
Aquinas College	0	0	0	0	0	0
Aquinas College-Primetime	0	0	0	0	0	0
Baptist Mem. Coll. Health & Science	1	750	1	1,500	1	1,500
Belmont University	7	10,500	5	6,750	4	6,000
Bethel College	1	1,500	1	1,500	1	1,500
Bryan College	2	3,000	2	2,250	1	1,500
Carson Newman College	10	15,000	12	18,000	11	16,500
Christian Brothers University	3	4,500	4	6,000	2	3,000
Crichton College	2	2,250	1	750	1	1,500
Cumberland University	1	1,500	2	3,000	2	3,000
David Lipscomb University	11	15,750	15	22,500	20	30,000
Fisk University	2	3,000	0	0	0	0
Free Will Baptist Bible College	1	1,500	0	0	0	0
Freed Hardeman University	5	6,750	6	8,250	4	6,000
Johnson Bible College	1	1,500	1	1,500	1	1,500
King College	2	2,250	2	3,000	1	1,500
Lambuth University	4	6,000	4	6,000	4	6,000
Lane College	0	0	0	0	0	0
Lee University	11	15,750	8	11,250	7	10,500
LeMoyne-Owen College	0	0	1	750	1	1,500
Lincoln Memorial University	2	3,000	3	4,500	6	9,000
Martin Methodist University	2	3,000	5	7,500	4	6,000
Maryville College	3	4,500	6	7,500	5	7,500
Memphis College of Art	0	0	0	0	0	0
Milligan College	1	1,500	1	1,500	3	4,500
Rhodes College	3	4,500	4	6,000	5	7,500
South College	0	0	0	0	1	1,500
Southern Adventist University	1	750	1	1,500	1	1,500
Tennessee Temple University	0	0	0	0	0	0
Tennessee Wesleyan College	4	6,000	3	4,500	2	3,000
Trevecca Nazarene University	0	0	3	3,750	3	4,500
Tusculum College	0	0	1	1,500	1	1,500
Union University	12	18,000	12	18,000	9	13,500
University of the South	3	4,500	2	3,000	1	1,500
Vanderbilt University	8	12,000	7	10,500	9	13,500
Watkins Inst College of Art & Design	0	0	0	0	0	0
TOTAL	103	\$149,250	113	\$162,750	111	\$166,500
Independent / Two-Year						
TOTAL	0	\$0	0	\$0	0	\$0

**Grant and Scholarships
Summary Report
2007-2008 Summary
Robert C. Byrd Honors By Institution**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible Through 09/01/07	
	Students	\$	Students	\$	Students	\$
University of Tennessee System						
University of TN, Chattanooga	23	\$30,000	27	\$36,750	23	\$33,000
University of TN, Health Science Ctr.	0	0	0	0	0	0
University of TN, Knoxville	94	138,000	107	153,000	112	166,500
University of TN, Martin	31	45,232	33	46,500	31	46,500
TOTAL	148	\$213,232	167	\$236,250	166	\$246,000
Board of Regents / Four Year						
Austin Peay State University	27	\$36,375	22	\$33,000	20	\$29,250
East Tennessee State University	25	35,250	21	30,750	25	36,000
Middle Tennessee State University	55	77,625	52	69,917	44	66,000
Tennessee State University	3	4,500	5	7,500	9	13,500
Tennessee Technological University	23	31,500	27	37,500	27	40,500
University of Memphis	19	26,750	18	26,250	16	23,250
TOTAL	152	\$212,000	145	\$204,917	141	\$208,500
Board of Regents / Two-Year						
Chattanooga State Tech Com College	2	\$2,250	3	\$3,000	4	\$5,250
Cleveland State Community College	0	0	0	0	0	0
Columbia State Community College	2	3,000	2	3,000	1	1,500
Dyersburg State Community College	1	1,500	4	4,500	2	3,000
Jackson State Community College	3	4,500	3	3,750	7	10,500
Motlow State Community College	6	8,250	4	5,250	1	1,500
Nashville State Community College	1	750	0	0	1	1,500
Northeast State Tech Comm College	3	3,750	4	5,250	4	6,000
Pellissippi State Tech Comm College	2	1,500	3	4,500	2	3,000
Roane State Community College	1	1,500	3	3,000	5	7,500
Southwest Tennessee Comm College	1	750	1	1,500	1	1,500
Volunteer State Community College	5	6,750	3	2,250	3	4,500
Walters State Community College	10	12,750	8	10,500	7	9,750
TOTAL	37	\$47,250	38	\$46,500	38	\$55,500
TN Technology Centers						
TN Tech Center at Newbern	0	\$0	1	\$500	1	\$1,500
TOTAL	0	\$0	1	\$500	1	\$1,500

**Grant and Scholarships
Summary Report
2007-2008 Summary
Robert C. Byrd Honors By Institution**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible Through 09/01/07	
	Students	\$	Students	\$	Students	\$
Propriety Institutions						
Chattanooga College	0	\$0	0	\$0	0	\$0
ConCorde Career Institute	0	0	0	0	0	0
Draughons Jr College, Clarksville	0	0	0	0	0	0
Draughons Jr Coll, Murfreesboro	0	0	0	0	0	0
Draughons Jr College, Nashville	0	0	0	0	0	0
Fountainhead Coll of Technology	0	0	0	0	0	0
High Tech Institute, Memphis	0	0	0	0	0	0
High Tech Institute, Nashville	0	0	0	0	0	0
International Acad of Design & Tech	0	0	0	0	0	0
ITT Technical Institute, Cordova	0	0	0	0	0	0
ITT Technical Institute, Knoxville	0	0	0	0	0	0
ITT Technical Institute, Nashville	0	0	0	0	0	0
Kaplan Career College	0	0	0	0	0	0
MedVance Institute	0	0	0	0	0	0
Miller-Motte Business Coll, Clarksville	0	0	0	0	0	0
Miller-Motte Tech Coll, Chattanooga	0	0	0	0	0	0
Miller-Motte Tech Coll, Goodlettsville	0	0	0	0	0	0
Nashville Auto-Diesel College	0	0	0	0	0	0
Nashville College of Medical Careers	0	0	0	0	0	0
National Coll of Bus/Tech, Bartlett	0	0	0	0	0	0
National Coll of Bus/Tech, Bristol	0	0	0	0	0	0
National Coll of Bus /Tech, Knoxville	0	0	0	0	0	0
National Coll of Bus/Tech, Madison	0	0	0	0	0	0
National Coll of Bus/Tech, Memphis	0	0	0	0	0	0
National Coll of Bus/Tech, Nashville	0	0	0	0	0	0
North Central Institute	0	0	0	0	0	0
Nossi College of Art	1	1,500	0	0	0	0
O'More College of Design	0	0	0	0	1	1,500
Remington College, Memphis	0	0	0	0	0	0
Remington College, Nashville	0	0	0	0	0	0
SAE Institute on Technology	0	0	0	0	0	0
Vatterott College	0	0	0	0	0	0
Virginia College	0	0	0	0	0	0
West Tennessee Business College	0	0	0	0	0	0
TOTAL	1	\$1,500	0	\$0	1	\$1,500
Out-of-State Institutions						
TOTAL	96	\$133,750	80	\$114,625	76	\$113,250
Total Awards By Institution Type						
Independent / Four-Year	103	\$149,250	113	\$162,750	111	\$166,500
Independent / Two-Year	0	0	0	0	0	0
University of Tennessee System	148	213,232	167	236,250	166	246,000
Board of Regents / Four-Year	152	212,000	145	204,917	141	208,500
Board of Regents / Two-Year	37	47,250	38	46,500	38	55,500
TN Technology Centers	0	0	1	500	1	1,500
Propriety Institutions	1	1,500	0	0	1	1,500
Out-of-State Institutions	96	133,750	80	114,625	76	113,250
GRAND TOTAL	537	\$756,982	544	\$765,542	534	\$792,750

**Grant and Scholarships
Summary Report
2007-2008 Summary
Minority Teaching Fellows By Institution**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible Through 09/01/07	
	Students	\$	Students	\$	Students	\$
Independent / Four -Year						
American Baptist College	0	\$0	0	\$0	0	\$0
Aquinas College	0	0	0	0	0	0
Aquinas College-Primetime	0	0	0	0	0	0
Baptist Mem. Coll. Health & Science	0	0	0	0	0	0
Belmont University	0	0	0	0	0	0
Bethel College	2	7,500	3	12,500	2	10,000
Bryan College	0	0	0	0	0	0
Carson Newman College	1	5,000	0	0	0	0
Christian Brothers University	4	14,750	3	12,500	3	15,000
Crichton College	0	0	2	10,000	3	15,000
Cumberland University	0	0	0	0	1	5,000
David Lipscomb University	1	5,000	1	5,000	0	0
Fisk University	2	10,000	1	5,000	0	0
Free Will Baptist Bible College	0	0	0	0	0	0
Freed Hardeman University	2	6,113	1	5,000	2	10,000
Johnson Bible College	1	5,000	1	5,000	1	5,000
King College	0	0	0	0	0	0
Lambuth University	2	7,500	0	0	0	0
Lane College	1	5,000	0	0	2	10,000
Lee University	0	0	1	5,000	1	5,000
LeMoyne-Owen College	0	0	0	0	0	0
Lincoln Memorial University	0	0	0	0	0	0
Martin Methodist University	1	5,000	0	0	0	0
Maryville College	0	0	0	0	0	0
Memphis College of Art	0	0	0	0	0	0
Milligan College	0	0	0	0	0	0
Rhodes College	0	0	0	0	0	0
South College	0	0	0	0	0	0
Southern Adventist University	1	5,000	0	0	0	0
Tennessee Temple University	0	0	0	0	0	0
Tennessee Wesleyan College	0	0	0	0	0	0
Trevecca Nazarene University	0	0	0	0	0	0
Tusculum College	0	0	0	0	0	0
Union University	0	0	0	0	0	0
University of the South	0	0	0	0	0	0
Vanderbilt University	3	12,500	2	10,000	0	0
Watkins Inst College of Art & Design	0	0	0	0	0	0
TOTAL	21	\$88,363	15	\$70,000	15	\$75,000
Independent / Two-Year						
TOTAL	0	\$0	0	\$0	0	\$0

**Grant and Scholarships
Summary Report
2007-2008 Summary
Minority Teaching Fellows By Institution**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible Through 09/01/07	
	Students	\$	Students	\$	Students	\$
University of Tennessee System						
University of TN, Chattanooga	15	\$72,500	14	\$65,732	14	\$65,000
University of TN, Health Science Ctr.	0	0	0	0	0	0
University of TN, Knoxville	10	47,500	8	40,000	14	70,000
University of TN, Martin	6	25,541	10	47,500	5	25,000
TOTAL	31	\$145,541	32	\$153,232	33	\$160,000
Board of Regents / Four Year						
Austin Peay State University	4	\$20,000	5	\$25,000	5	\$25,000
East Tennessee State University	2	10,000	2	5,000	0	0
Middle Tennessee State University	16	80,000	14	67,500	15	75,000
Tennessee State University	10	47,500	8	40,000	3	15,000
Tennessee Technological University	0	0	4	20,000	5	25,000
University of Memphis	29	127,500	27	135,000	26	130,000
TOTAL	61	\$285,000	60	\$292,500	54	\$270,000
Board of Regents / Two-Year						
Chattanooga State Tech Com College	0	\$0	0	\$0	0	\$0
Cleveland State Community College	0	0	0	0	0	0
Columbia State Community College	0	0	0	0	0	0
Dyersburg State Community College	0	0	2	973	2	5,000
Jackson State Community College	0	0	0	0	0	0
Motlow State Community College	0	0	0	0	0	0
Nashville State Community College	0	0	0	0	0	0
Northeast State Tech Comm College	0	0	1	3,522	0	0
Pellissippi State Tech Comm College	0	0	0	0	0	0
Roane State Community College	0	0	0	0	0	0
Southwest Tennessee Comm College	0	0	1	5,000	0	0
Volunteer State Community College	0	0	1	5,000	0	0
Walters State Community College	0	0	0	0	0	0
TOTAL	0	\$0	5	\$14,495	2	\$5,000
TN Technology Centers						
TOTAL	0	\$0	0	\$0	0	\$0
Propriety Institutions						
TOTAL	0	\$0	0	\$0	0	\$0
Total Awards By Institution Type						
Independent / Four-Year	21	\$88,363	15	\$70,000	15	\$75,000
Independent / Two-Year	0	0	0	0	0	0
University of Tennessee System	31	145,541	32	153,232	33	160,000
Board of Regents / Four-Year	61	285,000	60	292,500	54	270,000
Board of Regents / Two-Year	0	0	5	14,495	2	5,000
TN Technology Centers	0	0	0	0	0	0
Propriety Institutions	0	0	0	0	0	0
GRAND TOTAL	113	\$518,904	112	\$530,227	104	\$510,000

**Grant and Scholarships
Summary Report
2007-2008 Summary
Tennessee Teaching Scholars By Institution**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible Through 09/01/07	
	Students	\$	Students	\$	Students	\$
Independent / Four -Year						
American Baptist College	0	\$0	0	\$0	0	\$0
Aquinas College	0	0	0	0	0	0
Aquinas College-Primetime	0	0	0	0	0	0
Baptist Mem. Coll. Health & Science	0	0	0	0	0	0
Belmont University	3	11,250	3	11,250	3	7,875
Bethel College	0	0	0	0	0	0
Bryan College	1	4,500	0	0	0	0
Carson Newman College	7	27,000	11	40,475	6	22,500
Christian Brothers University	0	0	0	0	0	0
Crichton College	1	4,500	0	0	0	0
Cumberland University	1	4,500	2	6,750	2	6,750
David Lipscomb University	7	31,500	6	22,500	3	13,500
Fisk University	0	0	0	0	0	0
Free Will Baptist Bible College	0	0	0	0	1	4,500
Freed Hardeman University	0	0	2	9,000	2	9,000
Johnson Bible College	0	0	0	0	1	4,500
King College	1	4,500	0	0	6	22,500
Lambuth University	0	0	0	0	0	0
Lane College	0	0	0	0	0	0
Lee University	4	14,625	9	29,250	0	0
LeMoyne-Owen College	0	0	0	0	0	0
Lincoln Memorial University	2	2,250	4	9,000	2	6,750
Martin Methodist University	3	13,500	6	22,500	3	13,500
Maryville College	2	9,000	3	13,500	4	18,000
Memphis College of Art	0	0	0	0	0	0
Milligan College	2	6,750	3	11,250	1	4,500
Rhodes College	0	0	0	0	0	0
South College	0	0	0	0	0	0
Southern Adventist University	0	0	0	0	0	0
Tennessee Temple University	0	0	0	0	0	0
Tennessee Wesleyan College	5	18,000	7	27,000	4	13,500
Trevecca Nazarene University	2	4,500	5	12,375	1	2,250
Tusculum College	2	9,000	1	2,250	4	15,750
Union University			1	3,375	0	0
University of the South	0	0	0	0	0	0
Vanderbilt University	1	4,500	1	3,938	0	0
Watkins Inst College of Art & Design	0	0	0	0	0	0
TOTAL	44	\$169,875	64	\$224,413	43	\$165,375
Independent / Two-Year						
TOTAL	0	\$0	0	\$0	0	\$0
University of Tennessee System						
University of TN, Chattanooga	8	\$31,500	10	\$36,000	3	\$11,250
University of TN, Health Science Ctr.	0	0	0	0	0	0
University of TN, Knoxville	40	175,500	51	223,312	59	262,125
University of TN, Martin	10	40,500	13	51,750	7	24,750
TOTAL	58	\$247,500	74	\$311,062	69	\$298,125
Board of Regents / Four Year						
Austin Peay State University	6	\$21,937	5	\$20,250	6	\$24,750
East Tennessee State University	4	18,000	7	27,000	6	22,500
Middle Tennessee State University	11	40,500	12	47,250	11	38,250
Tennessee State University	8	33,750	2	6,750	3	13,500
Tennessee Technological University	14	51,750	20	90,000	15	65,250
University of Memphis	5	15,750	6	20,812	8	33,187
TOTAL	48	\$181,687	52	\$212,062	49	\$197,437
Board of Regents / Two-Year						
TOTAL	0	\$0	0	\$0	0	\$0
TN Technology Centers						
TOTAL	0	\$0	0	\$0	0	\$0
Propriety Institutions						
TOTAL	0	\$0	0	\$0	0	\$0

**Grant and Scholarships
Summary Report
2007-2008 Summary
Tennessee Teaching Scholars By Institution**

Total Awards By Institution Type	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible Through 09/01/07	
	Students	\$	Students	\$	Students	\$
Independent / Four-Year	44	\$169,875	64	\$224,413	43	\$165,375
Independent / Two-Year	0	0	0	0	0	0
University of Tennessee System	58	247,500	74	311,062	69	298,125
Board of Regents / Four-Year	48	181,687	52	212,062	49	197,437
Board of Regents / Two-Year	0	0	0	0	0	0
TN Technology Centers	0	0	0	0	0	0
Propriety Institutions	0	0	0	0	0	0
GRAND TOTAL	150	\$599,062	190	\$747,537	161	\$660,937

Tennessee Education Lottery Scholarship
Program Update

September 1, 2007

Tennessee Student Assistance Corporation
Parkway Towers, Suite 1950
404 James Robertson Parkway
Nashville, Tennessee 37243-0820
(615) 741-1346

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**Tennessee Education Lottery Scholarship Program
Summary Report
2007-2008 TELS Summary Report**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible through 9/1/07	
	Students	\$	Students	\$	Students	\$
HOPE						
Independent / Four-Year	7,134	\$25,376,393	5,637	\$20,042,753	7,190	\$28,456,250
Independent / Two-Year	77	135,938	60	103,313	107	214,000
Private/Business Trade	48	146,330	52	188,100	58	226,000
University of Tennessee System	11,437	37,808,755	9,644	34,398,172	12,341	49,411,400
Board of Regents / Four-Year	14,518	50,135,977	12,682	44,663,425	16,127	64,471,800
State Tech/Community Colleges	7,061	12,742,521	5,536	8,947,104	6,352	12,679,250
TOTAL	40,275	\$126,345,913	33,120*	\$108,342,867	42,175	\$155,458,700
HOPE w/ GAM						
Independent / Four-Year	0	\$0	1,279	\$5,980,472	1,669	\$8,027,500
Independent / Two-Year	0	0	0	0	1	3,000
Private/Business Trade	0	0	2	9,600	3	15,000
University of Tennessee System	0	0	1,638	7,585,931	2,215	11,075,000
Board of Regents / Four-Year	0	0	995	4,589,640	1,192	5,960,000
State Tech/Community Colleges	0	0	25	55,514	43	129,000
TOTAL	0	\$0	3,939*	\$18,221,157	5,123	\$25,209,500
HOPE w/ Aspire						
Independent / Four-Year	0	\$0	2,230	\$10,990,456	3,063	\$16,497,250
Independent / Two-Year	0	0	38	118,250	65	227,500
Private/Business Trade	0	0	12	62,850	19	101,750
University of Tennessee System	0	0	2,552	12,529,319	3,827	21,048,500
Board of Regents / Four-Year	0	0	4,533	22,033,210	6,599	36,253,250
State Tech/Community Colleges	0	0	2,454	7,071,278	3,346	11,677,000
TOTAL	0	\$0	11,629*	\$52,805,363	16,917	\$85,805,250
HOPE Access Grant						
Independent / Four-Year	25	\$54,000	18	\$41,075	62	\$170,500
Independent / Two-Year	1	1,575	1	850	2	3,500
Private/Business Trade	0	0	0	0	0	0
University of Tennessee System	48	95,122	54	131,175	88	242,000
Board of Regents / Four-Year	124	257,100	145	333,129	219	600,875
State Tech/Community Colleges	67	82,497	97	133,487	187	327,250
TOTAL	265	\$490,294	315*	\$639,716	558	\$1,344,125
Wilder-Naifeh Technical Skills	10,023	\$7,860,163	9,725*	\$8,079,913	11,257	\$22,363,942
HOPE Foster Care Grant						
Independent / Four-Year	0	\$0	2	\$4,564	4	\$13,611
Independent / Two-Year	0	0	0	0	0	0
Private/Business Trade	0	0	0	0	0	0
University of Tennessee System	6	16,970	2	731	6	3,638
Board of Regents / Four-Year	15	50,052	9	22,691	4	14,786
State Tech/Community Colleges	8	19,536	4	6,619	0	0
TOTAL	29	\$86,558	17	\$34,604	14	\$32,035
Dual Enrollment Grant						
Independent / Four-Year	388	\$162,610	599	\$281,700	0	\$0
Independent / Two-Year	52	24,080	96	47,400	0	0
Private/Business Trade	0	0	0	0	0	0
University of Tennessee System	574	244,800	841	362,800	0	0
Board of Regents / Four-Year	97	48,757	250	133,800	0	0
State Tech/Community Colleges	3,825	1,400,359	5,735	2,449,822	0	0
Technology Centers	529	179,750	785	325,400	0	0
TOTAL	5,465	\$2,060,356	8,306	\$3,600,922	0	\$0
Math & Science Teachers Program						
Independent / Four-Year	0	\$0	0	\$0	1	\$2,000
University of Tennessee System	0	\$0	0	0	6	12,000
Board of Regents / Four-Year	0	\$0	0	0	14	28,000
TOTAL	0	\$0	0	\$0	21	\$42,000

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**Tennessee Education Lottery Scholarship Program
Summary Report
2007-2008 TELS Summary Report**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible through 9/1/07	
	Students	\$	Students	\$	Students	\$
ALL PROGRAMS						
Independent / Four-Year	7,547	\$25,593,003	9,765	\$37,341,020	11,989	\$53,167,111
Independent / Two-Year	130	161,593	195	269,813	175	448,000
Private/Business Trade	48	146,330	66	260,550	80	342,750
University of Tennessee System	12,065	38,165,647	14,731	55,008,128	18,483	81,792,538
Board of Regents / Four-Year	14,754	50,491,886	18,614	71,775,895	24,155	107,328,711
State Tech/Community Colleges	10,961	14,244,912	13,851	18,663,823	9,928	24,812,500
Technology Centers	10,552	8,039,913	8,080,698	8,405,313	11,257	\$22,363,941.67
GRAND TOTAL	56,057	\$136,843,284	8,137,920*	\$191,724,541	76,067	\$290,255,552

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**Tennessee Education Lottery Scholarship Program
HOPE
(05-06 includes General Assembly Merit and Aspire)
Awards By Institution**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible through 9/1/07	
	Students	\$	Students	\$	Students	\$
Independent / Four -Year						
Aquinas College	36	\$109,686	30	\$91,143	45	\$180,000
Baptist Mem. Coll. Health & Sci.	80	269,100	86	299,425	120	480,000
Belmont University	568	1,960,240	496	1,745,625	628	2,512,000
Bethel College	183	666,700	168	590,425	206	824,000
Bryan College	103	374,700	99	351,500	142	566,000
Carson Newman College	484	1,693,922	398	1,416,450	474	1,896,000
Christian Brothers University	327	1,172,325	282	1,007,000	338	1,292,000
Crichton College	38	121,400	41	147,250	52	208,000
Cumberland University	264	896,350	214	752,400	278	1,112,000
David Lipscomb University	607	2,119,875	494	1,766,525	608	2,432,000
Fisk University	73	280,150	36	127,300	56	224,000
Free Will Baptist Bible College	26	89,825	23	82,278	29	116,000
Freed Hardeman University	320	1,114,920	247	896,610	330	1,320,000
Johnson Bible College	48	168,750	55	191,900	49	196,000
King College	193	662,617	166	599,624	177	682,000
Lambuth University	241	835,150	176	632,700	212	846,750
Lane College	58	233,400	22	77,900	32	124,000
Lee University	373	1,350,787	309	1,085,375	365	1,460,000
LeMoyne-Owen College	30	119,250	11	39,900	10	38,000
Lincoln Memorial University	156	588,966	134	461,600	181	718,000
Martin Methodist University	138	485,588	128	445,550	169	672,000
Maryville College	459	1,621,350	337	1,207,260	462	1,844,000
Memphis College of Art	22	79,800	20	70,300	42	156,000
Milligan College	119	396,600	98	349,600	152	608,000
Rhodes College	257	942,175	150	561,925	216	862,000
South College	14	40,400	16	54,467	30	120,000
Southern Adventist University	163	526,075	165	588,050	182	728,000
Tennessee Wesleyan College	253	872,300	220	780,142	246	984,000
Trevecca Nazarene University	141	473,250	131	472,150	162	648,000
Tusculum College	200	716,500	179	606,100	218	872,000
Union University	429	1,550,500	359	1,274,325	466	1,858,000
University of the South	145	535,764	118	417,658	158	632,000
Vanderbilt University	543	2,159,090	199	700,296	290	998,000
Watkins Inst. Coll. Of Art & Des.	43	148,888	42	152,000	65	247,500
TOTAL	7,134	\$25,376,393	5,637*	\$20,042,753	7,190	\$28,456,250
Independent / Two-Year						
Hiwassee College	71	\$124,613	56	\$99,513	98	\$196,000
John A. Gupton College	6	11,325	4	3,800	9	18,000
TOTAL	77	\$135,938	60*	\$103,313	107	\$214,000
Private / Business & Trade						
O'More College of Design	48	\$146,330	52*	\$188,100	58	\$226,000
University of Tennessee System						
University of TN, Chattanooga	2,621	\$7,113,678	1,955	\$6,820,865	2,453	\$9,863,400
University of TN, Health Sci. Ctr.	6	19,800	14	51,300	22	88,000
University of TN, Knoxville	7,024	24,428,437	6,257	22,502,201	8,102	32,400,000
University of TN, Martin	1,786	6,246,840	1,440	5,023,806	1,765	7,060,000
TOTAL	11,437	\$37,808,755	9,644*	\$34,398,172	12,341	\$49,411,400

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**Tennessee Education Lottery Scholarship Program
HOPE
(05-06 includes General Assembly Merit and Aspire)
Awards By Institution**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible through 9/1/07	
	Students	\$	Students	\$	Students	\$
Board of Regents / Four Year						
Austin Peay State University	1,470	\$5,057,277	1,199	\$4,155,100	1,537	\$6,137,800
East Tennessee State University	2,335	8,076,336	2,096	7,350,275	2,634	10,532,000
ETSU School of Pharmacy	0	0	0	0	45	178,000
Middle Tennessee State University	5,034	17,243,122	4,679	16,496,376	5,885	23,538,000
Tennessee State University	531	1,842,981	345	1,179,325	462	1,846,000
Tennessee Technological Univer.	2,385	8,224,070	2,119	7,475,631	2,747	10,972,000
University of Memphis	2,763	9,692,192	2,292	8,006,718	2,817	11,268,000
TOTAL	14,518	\$50,135,977	12,682*	\$44,663,425	16,127	\$64,471,800
State Tech / Community Colleges						
Chattanooga State Tech Com Coll	498	\$877,449	420	\$675,572	456	\$899,250
Cleveland State Comm College	343	646,666	250	420,362	289	578,000
Columbia State Comm College	609	1,081,655	501	821,224	563	1,123,000
Dyersburg State Comm College	225	414,434	148	236,007	194	388,000
Jackson State Comm College	458	844,559	358	574,955	405	810,000
Motlow State Comm College	555	901,926	404	660,857	452	904,000
Nashville State Comm College	216	371,338	168	241,970	184	367,000
Northeast State Tech Comm Coll	512	969,483	412	687,861	489	973,000
Pellissippi State Tech Comm Coll	962	1,669,780	796	1,253,108	990	1,978,000
Roane State Community College	833	1,641,606	644	1,049,018	780	1,559,000
Soutwest Tennessee Comm Coll	238	428,830	186	277,144	260	520,000
Volunteer State Community Coll	711	1,269,295	613	984,964	655	1,310,000
Walters State Community College	901	1,625,501	657	1,064,063	635	1,270,000
TOTAL	7,061	\$12,742,521	5,536*	\$8,947,104	6,352	\$12,679,250
Total Awards By Institution Type						
Independent / Four-Year	7,134	\$25,376,393	5,637	\$20,042,753	7,190	\$28,456,250
Independent / Two-Year	77	135,938	60	103,313	107	214,000
Private / Business & Trade	48	146,330	52	188,100	58	226,000
University of Tennessee System	11,437	37,808,755	9,644	34,398,172	12,341	49,411,400
Board of Regents / Four-Year	14,518	50,135,977	12,682	44,663,425	16,127	64,471,800
State Tech / Community Colleges	7,061	12,742,521	5,536	8,947,104	6,352	12,679,250
GRAND TOTAL	40,275	\$126,345,913	33,120*	\$108,342,867	42,167	\$155,458,700

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**Tennessee Education Lottery Scholarship Program
HOPE w/ GAM
Awards By Institution**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible through 9/1/07	
	Students	\$	Students	\$	Students	\$
Independent / Four -Year						
Aquinas College	0	\$0	0	\$0	0	\$0
Baptist Mem. Coll. Health & Sci.	0	0	0	\$0	0	0
Belmont University	0	0	121	\$566,400	140	700,000
Bethel College	0	0	3	14,400	3	15,000
Bryan College	0	0	10	45,600	19	95,000
Carson Newman College	0	0	67	314,400	78	390,000
Christian Brothers University	0	0	30	134,400	49	232,500
Crichton College	0	0	2	9,600	1	5,000
Cumberland University	0	0	6	26,400	7	35,000
David Lipscomb University	0	0	127	598,550	158	790,000
Fisk University	0	0	1	4,800	3	15,000
Free Will Baptist Bible College	0	0	1	2,400	1	5,000
Freed Hardeman University	0	0	39	177,600	49	245,000
Johnson Bible College	0	0	1	4,800	2	10,000
King College	0	0	19	88,800	19	95,000
Lambuth University	0	0	28	129,600	34	170,000
Lane College	0	0	0	0	0	0
Lee University	0	0	50	237,600	64	320,000
LeMoyne-Owen College	0	0	0	0	0	0
Lincoln Memorial University	0	0	9	43,200	12	60,000
Martin Methodist University	0	0	9	40,325	7	35,000
Maryville College	0	0	75	356,640	85	425,000
Memphis College of Art	0	0	1	4,800	1	5,000
Milligan College	0	0	19	86,400	14	70,000
Rhodes College	0	0	112	522,700	122	610,000
South College	0	0	0	0	0	0
Southern Adventist University	0	0	13	60,000	23	115,000
Tennessee Wesleyan College	0	0	9	40,800	11	55,000
Trevecca Nazarene University	0	0	11	48,000	11	55,000
Tusculum College	0	0	6	28,800	6	30,000
Union University	0	0	82	375,600	113	565,000
University of the South	0	0	52	240,000	77	385,000
Vanderbilt University	0	0	376	1,773,057	559	2,490,000
Watkins Inst. Coll. Of Art & Des.	0	0	1	4,800	1	5,000
TOTAL	0	\$0	1,279*	\$5,980,472	1,669	\$8,027,500
Independent / Two-Year						
Hiwassee College	0	\$0	0	\$0	1	\$3,000
John A. Gupton College	0	0	0	0	0	0
TOTAL	0	\$0	0*	\$0	1	\$3,000
Private / Business & Trade						
O'More College of Design	0	\$0	2*	\$9,600	3	\$15,000
University of Tennessee System						
University of TN, Chattanooga	0	\$0	163	\$751,833	197	\$985,000
University of TN, Health Sci. Ctr.	0	0	0	0	0	0
University of TN, Knoxville	0	0	1,373	6,364,605	1,885	9,425,000
University of TN, Martin	0	0	103	469,493	133	665,000
TOTAL	0	\$0	1,638*	\$7,585,931	2,215	\$11,075,000

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**Tennessee Education Lottery Scholarship Program
HOPE w/ GAM
Awards By Institution**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible through 9/1/07	
	Students	\$	Students	\$	Students	\$
Board of Regents / Four Year						
Austin Peay State University	0	\$0	60	\$276,000	74	\$370,000
East Tennessee State University	0	0	191	881,500	225	1,125,000
ETSU School of Pharmacy	0	0	0	0	4	20,000
Middle Tennessee State University	0	0	321	1,486,926	371	1,855,000
Tennessee State University	0	0	6	28,800	10	50,000
Tennessee Technological Univer.	0	0	264	1,209,000	311	1,555,000
University of Memphis	0	0	154	707,414	197	985,000
TOTAL	0	\$0	995*	\$4,589,640	1,192	\$5,960,000
State Tech / Community Colleges						
Chattanooga State Tech Com Coll	0	\$0	1	\$2,364	0	\$0
Cleveland State Comm College	0	0	1	1,450	3	9,000
Columbia State Comm College	0	0	4	8,700	8	24,000
Dyersburg State Comm College	0	0	0	0	1	3,000
Jackson State Comm College	0	0	2	4,350	2	6,000
Motlow State Comm College	0	0	0	0	3	9,000
Nashville State Comm College	0	0	1	1,450	2	6,000
Northeast State Tech Comm Coll	0	0	2	4,350	4	12,000
Pellissippi State Tech Comm Coll	0	0	3	7,250	5	15,000
Roane State Community College	0	0	3	5,800	6	18,000
Soutwest Tennessee Comm Coll	0	0	1	2,900	2	6,000
Volunteer State Community Coll	0	0	5	11,100	6	18,000
Walters State Community College	0	0	3	5,800	1	3,000
TOTAL	0	\$0	25*	\$55,514	43	\$129,000
Total Awards By Institution Type						
Independent / Four-Year	0	\$0	1,279	\$5,980,472	1,669	\$8,027,500
Independent / Two-Year	0	0	0	0	1	3,000
Private / Business & Trade	0	0	2	9,600	3	15,000
University of Tennessee System	0	0	1,638	7,585,931	2,215	11,075,000
Board of Regents / Four-Year	0	0	995	4,589,640	1,192	5,960,000
State Tech / Community Colleges	0	0	25	55,514	43	129,000
GRAND TOTAL	0	\$0	3,915*	\$18,221,157	5,123	\$25,209,500

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**Tennessee Education Lottery Scholarship Program
HOPE w/ Aspire
Awards By Institution**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible through 9/1/07	
	Students	\$	Students	\$	Students	\$
Independent / Four -Year						
Aquinas College	0	\$0	14	\$68,900	13	\$71,500
Baptist Mem. Coll. Health & Sci.	0	0	23	106,000	35	192,500
Belmont University	0	0	108	540,600	148	811,250
Bethel College	0	0	87	424,000	106	583,000
Bryan College	0	0	55	278,250	69	379,500
Carson Newman College	0	0	165	777,113	197	1,083,500
Christian Brothers University	0	0	112	575,050	163	833,250
Crichton College	0	0	31	151,050	47	258,500
Cumberland University	0	0	71	341,850	104	572,000
David Lipscomb University	0	0	117	580,350	155	852,500
Fisk University	0	0	46	230,550	59	321,750
Free Will Baptist Bible College	0	0	12	58,300	10	55,000
Freed Hardeman University	0	0	73	359,737	109	599,500
Johnson Bible College	0	0	19	95,400	28	154,000
King College	0	0	62	311,714	52	275,000
Lambuth University	0	0	61	304,750	92	506,000
Lane College	0	0	54	262,350	74	404,250
Lee University	0	0	161	775,700	172	946,000
LeMoyne-Owen College	0	0	14	68,900	26	137,500
Lincoln Memorial University	0	0	103	511,450	166	907,500
Martin Methodist University	0	0	78	364,375	105	577,500
Maryville College	0	0	120	604,200	169	929,500
Memphis College of Art	0	0	14	60,950	17	82,500
Milligan College	0	0	29	140,450	44	242,000
Rhodes College	0	0	53	275,600	67	365,750
South College	0	0	11	52,117	30	165,000
Southern Adventist University	0	0	29	145,087	47	258,500
Tennessee Wesleyan College	0	0	77	373,650	102	561,000
Trevecca Nazarene University	0	0	42	196,100	58	319,000
Tusculum College	0	0	81	389,550	116	638,000
Union University	0	0	134	666,687	183	1,006,500
University of the South	0	0	36	172,250	49	269,500
Vanderbilt University	0	0	133	678,401	238	1,072,500
Watkins Inst. Coll. Of Art & Des.	0	0	10	49,025	13	66,000
TOTAL	0	\$0	2,230*	\$10,990,456	3,063	\$16,497,250
Independent / Two-Year						
Hiwassee College	0	\$0	38	\$118,250	59	\$206,500
John A. Gupton College	0	0	0	0	6	21,000
TOTAL	0	\$0	38*	\$118,250	65	\$227,500
Private / Business & Trade						
O'More College of Design	0	\$0	12*	\$62,850	19	\$101,750
University of Tennessee System						
University of TN, Chattanooga	0	\$0	532	\$2,564,482	803	\$4,413,650
University of TN, Health Sci. Ctr.	0	0	28	118,500	60	330,000
University of TN, Knoxville	0	0	1,452	7,212,240	2,197	12,080,850
University of TN, Martin	0	0	545	2,634,097	768	4,224,000
TOTAL	0	\$0	2,552*	\$12,529,319	3,827	\$21,048,500

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**Tennessee Education Lottery Scholarship Program
HOPE w/ Aspire
Awards By Institution**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible through 9/1/07	
	Students	\$	Students	\$	Students	\$
Board of Regents / Four Year						
Austin Peay State University	0	\$0	513	\$2,424,067	674	\$3,696,000
East Tennessee State University	0	0	790	3,794,019	1,074	5,904,250
ETSU School of Pharmacy			0	0	42	231,000
Middle Tennessee State University	0	0	1,379	6,704,341	1,968	10,824,000
Tennessee State University	0	0	278	1,373,894	464	2,541,000
Tennessee Technological Univer.	0	0	727	3,559,159	1,034	5,670,500
University of Memphis	0	0	865	4,177,730	1,343	7,386,500
TOTAL	0	\$0	4,533*	\$22,033,210	6,599	\$36,253,250
State Tech / Community Colleges						
Chattanooga State Tech Com Coll	0	\$0	166	\$470,276	246	\$839,250
Cleveland State Comm College	0	0	98	268,881	124	434,000
Columbia State Comm College	0	0	194	552,982	271	946,750
Dyersburg State Comm College	0	0	93	266,776	141	493,500
Jackson State Comm College	0	0	193	545,954	245	857,500
Motlow State Comm College	0	0	170	499,672	233	815,500
Nashville State Comm College	0	0	95	259,481	101	353,500
Northeast State Tech Comm Coll	0	0	176	525,910	257	894,250
Pellissippi State Tech Comm Coll	0	0	286	813,610	317	1,109,500
Roane State Community College	0	0	349	1,061,609	461	1,613,500
Soutwest Tennessee Comm Coll	0	0	67	193,448	189	656,250
Volunteer State Community Coll	0	0	241	709,815	322	1,127,000
Walters State Community College	0	0	330	902,866	439	1,536,500
TOTAL	0	\$0	2,454*	\$7,071,278	3,346	\$11,677,000
Total Awards By Institution Type						
Independent / Four-Year	0	\$0	2,230	\$10,990,456	3,063	\$16,497,250
Independent / Two-Year	0	0	38	118,250	65	227,500
Private / Business & Trade	0	0	12	62,850	19	101,750
University of Tennessee System	0	0	2,552	12,529,319	3,827	21,048,500
Board of Regents / Four-Year	0	0	4,533	22,033,210	6,599	36,253,250
State Tech / Community Colleges	0	0	2,454	7,071,278	3,346	11,677,000
GRAND TOTAL	0	\$0	11,629*	\$52,805,363	16,917	\$85,805,250

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**Tennessee Education Lottery Scholarship Program
HOPE Foster Care Grant
Awards By Institution**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible through 9/1/07	
	Students	\$	Students	\$	Students	\$
Independent / Four -Year						
Aquinas College	0	\$0	0	\$0	0	\$0
Baptist Mem. Coll. Health & Sci.	0	0	0	0	0	0
Belmont University	0	0	1	4,311	0	0
Bethel College	0	0	0	0	0	0
Bryan College	0	0	0	0	0	0
Carson Newman College	0	0	0	0	0	0
Christian Brothers University	0	0	0	0	1	0
Crichton College	0	0	0	0	0	0
Cumberland University	0	0	0	0	0	0
David Lipscomb University	0	0	0	0	0	0
Fisk University	0	0	0	0	0	0
Free Will Baptist Bible College	0	0	0	0	0	0
Freed Hardeman University	0	0	0	0	1	5,041
Johnson Bible College	0	0	0	0	0	0
King College	0	0	0	0	0	0
Lambuth University	0	0	0	0	0	0
Lane College	0	0	0	0	0	0
Lee University	0	0	0	0	0	0
LeMoyne-Owen College	0	0	0	0	0	0
Lincoln Memorial University	0	0	0	0	1	3,170
Martin Methodist University	0	0	0	0	0	0
Maryville College	0	0	0	0	0	0
Memphis College of Art	0	0	0	0	0	0
Milligan College	0	0	0	0	0	0
Rhodes College	0	0	0	0	0	0
South College	0	0	0	0	0	0
Southern Adventist University	0	0	0	0	0	0
Tennessee Wesleyan College	0	0	0	0	0	0
Trevecca Nazarene University	0	0	0	0	1	5,400
Tusculum College	0	0	0	0	0	0
Union University	0	0	1	253	0	0
University of the South	0	0	0	0	0	0
Vanderbilt University	0	0	0	0	0	0
Watkins Inst. Coll. Of Art & Des.	0	0	0	0	0	0
TOTAL	0	\$0	2	\$4,564	4	\$13,611
Independent / Two-Year						
Hiwassee College	0	\$0	0	\$0	0	\$0
John A. Gupton College	0	0	0	0	0	0
TOTAL	0	\$0	0	\$0	0	\$0
Private / Business & Trade						
O'More College of Design	0	\$0	0	\$0	0	\$0
University of Tennessee System						
University of TN, Chattanooga	3	\$10,966	1	\$572	2	\$2,186
University of TN, Health Sci. Ctr.	0	0	0	0	0	0
University of TN, Knoxville	1	2,798	1	159	2	1,452
University of TN, Martin	2	3,206	0	0	2	0
TOTAL	6	\$16,970	2	\$731	6	\$3,638

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**Tennessee Education Lottery Scholarship Program
HOPE Foster Care Grant
Awards By Institution**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible through 9/1/07	
	Students	\$	Students	\$	Students	\$
Board of Regents / Four Year						
Austin Peay State University	4	\$9,839	2	\$5,549	1	\$1,166
East Tennessee State University	4	18,709	4	6,451	3	13,620
ETSU School of Pharmacy	0	0	0	0	0	0
Middle Tennessee State University	2	7,766	0	0	0	0
Tennessee State University	0	0	0	0	0	0
Tennessee Technological Univer.	1	3,140	1	4,507	0	0
University of Memphis	4	10,598	2	6,184	0	0
TOTAL	15	\$50,052	9	\$22,691	4	\$14,786
State Tech / Community Colleges						
Chattanooga State Tech Com Coll	0	\$0	1	\$407	0	\$0
Cleveland State Comm College	2	2,406	0	0	0	0
Columbia State Comm College	1	795	0	0	0	0
Dyersburg State Comm College	0	0	0	0	0	0
Jackson State Comm College	1	6,500	0	0	0	0
Motlow State Comm College	0	0	2	3,721	0	0
Nashville State Comm College	0	0	0	0	0	0
Northeast State Tech Comm Coll	1	3,469	1	2,491	0	0
Pellissippi State Tech Comm Coll	2	4,631	0	0	0	0
Roane State Community College	1	1,735	0	0	0	0
Soutwest Tennessee Comm Coll	0	0	0	0	0	0
Volunteer State Community Coll	0	0	0	0	0	0
Walters State Community College	0	0	0	0	0	0
TOTAL	8	\$19,536	4	\$6,619	0	\$0
Total Awards By Institution Type						
Independent / Four-Year	0	\$0	2	\$4,564	4	\$13,611
Independent / Two-Year	0	0	0	0	0	0
Private / Business & Trade	0	0	0	0	0	0
University of Tennessee System	6	16,970	2	731	6	3,638
Board of Regents / Four-Year	15	50,052	9	22,691	4	14,786
State Tech / Community Colleges	8	19,536	4	6,619	0	0
GRAND TOTAL	29	\$86,558	17	\$34,604	14	\$32,035

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**Tennessee Education Lottery Scholarship Program
HOPE Access Grant
Awards By Institution**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible through 9/1/07	
	Students	\$	Students	\$	Students	\$
Independent / Four -Year						
Aquinas College	0	\$0	0	\$0	0	\$0
Baptist Mem. Coll. Health & Sci.	1	1,200	0	0	0	0
Belmont University	1	2,400	0	0	1	2,750
Bethel College	3	7,200	4	10,600	9	24,750
Bryan College	1	2,400	0	0	1	2,750
Carson Newman College	2	3,600	3	6,625	5	13,750
Christian Brothers University	0	0	0	0	1	2,750
Crichton College	0	0	2	2,650	2	5,500
Cumberland University	1	1,200	2	5,300	7	19,250
David Lipscomb University	0	0	0	0	0	0
Fisk University	0	0	0	0	2	5,500
Free Will Baptist Bible College	0	0	0	0	0	0
Freed Hardeman University	1	2,400	1	2,650	2	5,500
Johnson Bible College	0	0	1	2,650	0	0
King College	0	0	0	0	0	0
Lambuth University	0	0	0	0	2	5,500
Lane College	1	1,200	0	0	6	16,500
Lee University	1	2,400	1	1,325	0	0
LeMoyné-Owen College	1	2,400	0	0	2	5,500
Lincoln Memorial University	3	7,200	0	0	2	5,500
Martin Methodist University	2	4,800	0	0	3	8,250
Maryville College	2	4,800	1	1,325	2	5,500
Memphis College of Art	0	0	0	0	0	0
Milligan College	0	0	0	0	0	0
Rhodes College	0	0	0	0	0	0
South College	0	0	1	2,650	3	8,250
Southern Adventist University	0	0	3	5,300	0	0
Tennessee Wesleyan College	3	6,000	0	0	3	8,250
Trevecca Nazarene University	2	4,800	0	0	3	8,250
Tusculum College	0	0	0	0	5	13,750
Union University	0	0	0	0	0	0
University of the South	0	0	0	0	0	0
Vanderbilt University	0	0	0	0	0	0
Watkins Inst. Coll. Of Art & Des.	0	0	0	0	1	2,750
TOTAL	25	\$54,000	18*	\$41,075	62	\$170,500
Independent / Two-Year						
Hiwassee College	0	\$0	1	\$850	2	\$3,500
John A. Gupton College	1	1,575	0	0	0	0
TOTAL	1	\$1,575	1*	\$850	2	\$3,500
Private / Business & Trade						
O'More College of Design	0	\$0	0	\$0	0	\$0
University of Tennessee System						
University of TN, Chattanooga	16	\$30,000	29	\$67,575	26	\$71,500
University of TN, Health Sci. Ctr.	0	0	0	0	0	0
University of TN, Knoxville	11	20,722	7	17,225	16	44,000
University of TN, Martin	21	44,400	18	46,375	46	126,500
TOTAL	48	\$95,122	54*	\$131,175	88	\$242,000

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**Tennessee Education Lottery Scholarship Program
HOPE Access Grant
Awards By Institution**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible through 9/1/07	
	Students	\$	Students	\$	Students	\$
Board of Regents / Four Year						
Austin Peay State University	19	\$36,000	23	\$51,344	21	\$56,375
East Tennessee State University	11	22,800	11	27,825	24	66,000
ETSU School of Pharmacy	0	0	0	0	1	2,750
Middle Tennessee State University	35	69,900	31	63,492	49	134,750
Tennessee State University	10	22,800	25	56,644	27	74,250
Tennessee Technological Univer.	10	19,200	8	19,544	16	44,000
University of Memphis	39	86,400	47	114,280	81	222,750
TOTAL	124	\$257,100	145*	\$333,129	219	\$600,875
State Tech / Community Colleges						
Chattanooga State Tech Com Coll	1	\$1,575	11	\$14,450	21	\$36,750
Cleveland State Comm College	7	8,663	4	5,100	8	14,000
Columbia State Comm College	5	5,514	8	10,888	14	24,500
Dyersburg State Comm College	7	6,890	8	12,537	13	22,750
Jackson State Comm College	7	10,632	12	16,716	25	43,750
Motlow State Comm College	10	10,634	9	11,476	15	26,250
Nashville State Comm College	0	0	5	7,650	4	7,000
Northeast State Tech Comm Coll	1	1,575	4	6,800	14	24,500
Pellissippi State Tech Comm Coll	6	7,677	12	16,358	20	35,000
Roane State Community College	11	14,571	8	10,200	8	14,000
Soutwest Tennessee Comm Coll	0	0	0	0	10	17,500
Volunteer State Community Coll	5	6,891	2	2,774	12	21,000
Walters State Community College	7	7,875	14	18,539	23	40,250
TOTAL	67	\$82,497	97*	\$133,487	187	\$327,250
Total Awards By Institution Type						
Independent / Four-Year	25	\$54,000	18	\$41,075	62	\$170,500
Independent / Two-Year	1	1,575	1	850	2	3,500
Private / Business & Trade	0	0	0	0	0	0
University of Tennessee System	48	95,122	54	131,175	88	242,000
Board of Regents / Four-Year	124	257,100	145	333,129	219	600,875
State Tech / Community Colleges	67	82,497	97	133,487	187	327,250
GRAND TOTAL	265	\$490,294	315*	\$639,716	558	\$1,344,125

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**Tennessee Education Lottery Scholarship Program
Wilder-Naifeh Technical Skills Grant
Awards By Institution**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible through 9/1/07	
	Students	\$	Students	\$	Students	\$
Technology Centers						
TN Tech Center at Athens	197	\$165,981	187	\$174,726	289	\$574,667
TN Tech Center at Chattanooga	505	466,953	496	454,831	227	429,967
TN Tech Center at Covington	160	117,032	170	136,260	168	333,999
TN Tech Center at Crossville	310	253,674	318	271,592	364	725,332
TN Tech Center at Crump	279	206,856	282	255,800	345	686,833
TN Tech Center at Dickson	423	346,240	412	376,716	513	1,018,489
TN Tech Center at Elizabethton	484	382,182	451	373,010	560	1,115,998
TN Tech Center at Harriman	193	180,317	224	184,383	225	439,964
TN Tech Center at Hartsville	208	177,533	205	206,153	287	571,166
TN Tech Center at Hohenwald	387	325,838	361	319,818	356	703,910
TN Tech Center at Jacksboro	180	142,030	179	145,118	198	395,333
TN Tech Center at Jackson	510	406,106	500	459,198	738	1,457,761
TN Tech Center at Knoxville	610	479,799	610	463,413	703	1,396,857
TN Tech Center at Livingston	377	311,492	390	316,999	458	912,165
TN Tech Center at McKenzie	268	212,246	265	249,489	301	578,050
TN Tech Center at McMinnville	221	180,170	262	231,634	336	670,666
TN Tech Center at Memphis	753	614,770	737	569,722	1,076	2,148,666
TN Tech Center at Morristown	952	571,272	662	419,319	800	1,591,332
TN Tech Center at Murfreesboro	302	266,124	291	262,619	337	670,666
TN Tech Center at Nashville	656	469,627	599	452,141	635	1,249,526
TN Tech Center at Newbern	196	162,662	234	204,839	333	658,498
TN Tech Center at Oneida	111	72,562	222	172,046	181	362,000
TN Tech Center at Paris	387	305,385	386	328,303	457	910,666
TN Tech Center at Pulaski	371	292,211	365	317,813	281	554,500
TN Tech Center at Ripley	231	171,098	225	177,798	145	289,333
TN Tech Center at Shelbyville	557	410,339	527	386,040	776	1,547,126
TN Tech Center at Whiteville	195	169,663	180	170,135	186	370,472
TOTAL	10,023	\$7,860,163	9,725*	\$8,079,913	11,275	\$22,363,942

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**Tennessee Education Lottery Scholarship Program
Dual Enrollment Grant
Awards By Institution**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible through 9/1/07	
	Students	\$	Students	\$	Students	\$
Independent / Four -Year						
Aquinas College	2	\$600	1	\$300	0	\$0
Baptist Mem. Coll. Health & Sci.	0	0	0	0	0	0
Belmont University	0	0	0	0	0	0
Bethel College	0	0	0	0	0	0
Bryan College	2	600	10	4,500	0	0
Carson Newman College	17	6,600	8	3,000	0	0
Christian Brothers University	74	34,935	135	60,000	0	0
Crichton College	11	4,800	17	9,000	0	0
Cumberland University	53	30,600	30	32,100	0	0
David Lipscomb University	26	9,300	79	34,800	0	0
Fisk University	0	0	0	0	0	0
Free Will Baptist Bible College	0	0	0	0	0	0
Freed Hardeman University	46	20,100	63	31,800	0	0
Johnson Bible College	0	0	0	0	0	0
King College	37	10,600	62	22,200	0	0
Lambuth University	0	0	0	0	0	0
Lane College	0	0	0	0	0	0
Lee University	33	10,875	40	15,000	0	0
LeMoyne-Owen College	0	0	41	22,200	0	0
Lincoln Memorial University	0	0	0	0	0	0
Martin Methodist University	83	32,400	66	31,500	0	0
Maryville College	1	300	2	600	0	0
Memphis College of Art	0	0	0	0	0	0
Milligan College	0	0	3	900	0	0
Rhodes College	0	0	0	0	0	0
South College	0	0	0	0	0	0
Southern Adventist University	0	0	34	10,200	0	0
Tennessee Wesleyan College	0	0	0	0	0	0
Trevecca Nazarene University	0	0	0	0	0	0
Tusculum College	0	0	0	0	0	0
Union University	3	900	8	3,600	0	0
University of the South	0	0	0	0	0	0
Vanderbilt University	0	0	0	0	0	0
Watkins Inst. Coll. Of Art & Des.	0	0	0	0	0	0
TOTAL	388	\$162,610	599	\$281,700	0	\$0
Independent / Two-Year						
Hiwassee College	52	\$24,080	96	\$47,400	0	\$0
John A. Gupton College	0	0	0	\$0	0	0
TOTAL	52	\$24,080	96	\$47,400	0	\$0
Private / Business & Trade						
O'More College of Design	0	\$0	0	\$0	0	\$0
University of Tennessee System						
University of TN, Chattanooga	27	\$12,300	51	\$17,900	0	\$0
University of TN, Health Sci. Ctr.	0	0	0	0	0	0
University of TN, Knoxville	3	1,200	10	3,200	0	0
University of TN, Martin	544	231,300	780	341,700	0	0
TOTAL	574	\$244,800	841	\$362,800	0	\$0
Board of Regents / Four Year						
Austin Peay State University	16	\$8,400	16	\$7,500	0	\$0
East Tennessee State University	21	6,900	31	12,600	0	0
Middle Tennessee State University	9	4,800	9	4,500	0	0
Tennessee State University	1	600	0	0	0	0
Tennessee Technological Univer.	50	28,057	49	25,200	0	0
University of Memphis	0	0	145	84,000	0	0
TOTAL	97	\$48,757	250	\$133,800	0	\$0

**Tennessee Education Lottery Scholarship Program
Dual Enrollment Grant
Awards By Institution**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible through 9/1/07	
	Students	\$	Students	\$	Students	\$
State Tech / Community Colleges						
Chattanooga State Tech Com Coll	613	\$171,900	758	\$382,800	0	\$0
Cleveland State Comm College	217	88,602	271	128,214	0	0
Columbia State Comm College	289	104,000	418	168,986	0	0
Dyersburg State Comm College	93	31,511	346	152,174	0	0
Jackson State Comm College	45	21,600	74	38,100	0	0
Motlow State Comm College	260	116,421	435	203,178	0	0
Nashville State Comm College	250	93,205	282	114,314	0	0
Northeast State Tech Comm Coll	179	71,492	291	122,864	0	0
Pellissippi State Tech Comm Coll	279	101,346	607	243,018	0	0
Roane State Community College	271	119,145	428	177,438	0	0
Soutwest Tennessee Comm Coll	95	33,418	48	20,700	0	0
Volunteer State Community Coll	894	327,036	1,249	498,090	0	0
Walters State Community College	340	120,684	528	199,945	0	0
TOTAL	3,825	\$1,400,359	5,735	\$2,449,822	0	\$0
Technology Centers						
TN Tech Center at Athens	0	\$0	0	\$0	0	\$0
TN Tech Center at Chattanooga	0	0	0	0	0	0
TN Tech Center at Covington	19	5,700	17	6,300	0	0
TN Tech Center at Crossville	81	26,700	59	20,700	0	0
TN Tech Center at Crump	3	800	34	13,800	0	0
TN Tech Center at Dickson	0	0	37	21,000	0	0
TN Tech Center at Elizabethton	0	0	4	1,100	0	0
TN Tech Center at Harriman	4	1,200	1	300	0	0
TN Tech Center at Hartsville	13	4,800	8	3,900	0	0
TN Tech Center at Hohenwald	54	16,200	117	38,875	0	0
TN Tech Center at Jacksboro	20	6,000	15	8,100	0	0
TN Tech Center at Jackson	0	0	13	6,800	0	0
TN Tech Center at Knoxville	0	0	0	0	0	0
TN Tech Center at Livingston	61	25,800	106	48,600	0	0
TN Tech Center at McKenzie	3	900	25	9,600	0	0
TN Tech Center at McMinnville	0	0	0	0	0	0
TN Tech Center at Memphis	0	0	0	0	0	0
TN Tech Center at Morristown	25	11,400	35	18,100	0	0
TN Tech Center at Murfreesboro	1	300	1	300	0	0
TN Tech Center at Nashville	0	0	0	0	0	0
TN Tech Center at Newbern	25	11,400	26	11,025	0	0
TN Tech Center at Oneida	85	24,900	160	73,000	0	0
TN Tech Center at Paris	64	19,050	5	2,100	0	0
TN Tech Center at Pulaski	71	24,600	88	32,800	0	0
TN Tech Center at Ripley	0	0	2	900	0	0
TN Tech Center at Shelbyville	0	0	12	3,100	0	0
TN Tech Center at Whiteville	0	0	20	5,000	0	0
TOTAL	529	\$179,750	785	\$325,400	0	\$0
Total Awards By Institution Type						
Independent / Four-Year	388	\$162,610	599	\$281,700	0	\$0
Independent / Two-Year	52	24,080	96	47,400	0	0
Private / Business & Trade	0	0	0	0	0	0
University of Tennessee System	574	244,800	841	362,800	0	0
Board of Regents / Four-Year	97	48,757	250	133,800	0	0
State Tech / Community Colleges	3,825	1,400,359	5,735	2,449,822	0	0
Technology Centers	529	179,750	785	325,400	0	0
GRAND TOTAL	5,465	\$2,060,356	8,306	\$3,600,922	0	\$0

**Tennessee Education Lottery Scholarship Program
Math and Science Teachers Program
Awards By Institution**

	2005-2006		2006-2007		2007-2008	
	Actual Recipients		Actual Recipients		Eligible through 9/1/07	
	Students	\$	Students	\$	Students	\$
Independent / Four -Year						
Aquinas College	0	\$0	0	\$0	0	\$0
Baptist Mem. Coll. Health & Sci.	0	0	0	0	0	0
Belmont University	0	0	0	0	0	0
Bethel College	0	0	0	0	0	0
Bryan College	0	0	0	0	0	0
Carson Newman College	0	0	0	0	0	0
Christian Brothers University	0	0	0	0	0	0
Crichton College	0	0	0	0	0	0
Cumberland University	0	0	0	0	0	0
David Lipscomb University	0	0	0	0	0	0
Fisk University	0	0	0	0	0	0
Free Will Baptist Bible College	0	0	0	0	0	0
Freed Hardeman University	0	0	0	0	0	0
Johnson Bible College	0	0	0	0	0	0
King College	0	0	0	0	0	0
Lambuth University	0	0	0	0	0	0
Lane College	0	0	0	0	0	0
Lee University	0	0	0	0	0	0
LeMoyne-Owen College	0	0	0	0	0	0
Lincoln Memorial University	0	0	0	0	0	0
Martin Methodist University	0	0	0	0	0	0
Maryville College	0	0	0	0	0	0
Milligan College	0	0	0	0	0	0
Rhodes College	0	0	0	0	0	0
South College	0	0	0	0	0	0
Southern Adventist University	0	0	0	0	0	0
Tennessee Wesleyan College	0	0	0	0	0	0
Trevecca Nazarene University	0	0	0	0	0	0
Tusculum College	0	0	0	0	1	2,000
Union University	0	0	0	0	0	0
University of the South	0	0	0	0	0	0
Vanderbilt University	0	0	0	0	0	0
TOTAL	0	\$0	0	\$0	1	\$2,000
University of Tennessee System						
University of TN, Chattanooga	0	\$0	0	\$0	0	\$0
University of TN, Health Sci. Ctr.	0	0	0	0	0	0
University of TN, Knoxville	0	0	0	0	5	10,000
University of TN, Martin	0	0	0	0	1	2,000
TOTAL	0	\$0	0	\$0	6	\$12,000
Board of Regents / Four Year						
Austin Peay State University	0	\$0	0	\$0	2	\$4,000
East Tennessee State University	0	0	0	0	0	0
Middle Tennessee State University	0	0	0	0	8	16,000
Tennessee State University	0	0	0	0	1	2,000
Tennessee Technological Univer.	0	0	0	0	2	4,000
University of Memphis	0	0	0	0	1	2,000
TOTAL	0	\$0	0	\$0	14	\$28,000
Total Awards By Institution Type						
Independent / Four-Year	0	\$0	0	\$0	1	\$2,000
University of Tennessee System	0	0	0	0	6	12,000
Board of Regents / Four-Year	0	0	0	0	14	28,000
GRAND TOTAL	0	\$0	0	\$0	21	\$42,000

TENNESSEE STUDENT ASSISTANCE CORPORATION

Thursday, September 27, 2007

DISCUSSION ITEM B: Federal Family Education Loan Program Update

Staff Recommendation For discussion only.

Background

This update covers several topics, the first of which is a report on loan volumes within the state of Tennessee. The supporting document *Loan Volume by Guarantor* provides a summary analysis of the chief guarantor competitors within the state. The purpose of this educational briefing is to bring to the board an understanding that TSAC does have competition. The effect of this competition to the agency is that revenues and fund balances respectively are negatively impacted. Our Operating Fund and the Federal Reserve Fund remain healthy when good loans remain under our guarantee. A five-year projection plan is being created and will be shared with this group during the March board meeting outlining the impacts of these volume decreases to our fund balances.

Current earnings on these funds are reinvested into the students we serve when our fund balances remain healthy. These funds are reinvested to students and schools by supporting Outreach Services, and to a lesser degree, administrative expenses of the Lottery, Grant and Scholarship programs. Unlike other competing guarantors, it is our mandate to reinvest our funds into the students and schools that we serve in Tennessee.

Based on loan volume comparisons during the most recent year four primary observations can be made:

- TSAC loan volumes are down.
- Direct Loan volumes are down.
- USA Funds (USAF), California Student Aid Commission (CSAC), and National Student Loan Program (NSLP) loan volumes are up.
- Total loan volumes within the state are down.

The supporting document *Loan Issues by Topic* addresses student loan issues, a conversion and servicer update, and federal legislative changes that will have an impact on the loan program.

The supporting document *Federal Family Education Loan Program Volumes* provides statistical information on three types of loans:

Subsidized Stafford loans are made to students who demonstrate financial need. Students do not have to begin repayment until they leave school, and the federal government pays the interest while the students are enrolled.

Students unable to demonstrate financial need receive similar *unsubsidized Stafford loans*. While repayment is deferred until the students leave school, they are responsible for the interest while they are enrolled.

PLUS loans are made to parents of students. *Grad/Professional loans* are made to students in graduate or professional degree programs but act similar to PLUS loans. Financial need is not a factor, and repayment begins immediately.

TSAC guaranteed \$734 million in these three programs in 2006-07. That represents a small increase of 0.26% or \$2 million.

Supporting Documents

Loan Volume by Guarantor, September 27, 2007.

Loan Issues by Topic, September 27, 2007.

Federal Family Education Loan Program Volumes, September 27, 2007.

Loan Volumes by Guarantor

September 27, 2007

Tennessee Student Assistance Corporation
Parkway Towers, Suite 1950
404 James Robertson Parkway
Nashville, Tennessee 37243-0820
(615) 741-1346

www.CollegePaysTN.com

Loan Volumes by Guarantor
Within Tennessee across Years

Market Trends
New Guaranteed and Direct Stafford and PLUS Loan Originations
Tennessee Guarantee Volume

Guarantor	AY 05/06				AY 04/05				AY 03/04			
	# of Loans	Balance	Average	Variance 05/06 vs. 04/05	# of Loans	Balance	Average	Variance 04/05 vs. 04/03	# of Loans	Balance	Average	Variance 03/04 vs. 03/02
1. TENNESSEE STUDENT ASSISTANCE CORPORATION (747)	164,204	\$ 642,420,123	\$ 3,912	\$ (24,652,413)	169,897	\$ 667,072,536	\$ 3,926	\$ 24,873,731	167,581	\$ 642,198,805	\$ 3,832	\$ 29,753,957
2. USA FUNDS, INC. (800)	41,529	\$ 184,650,100	\$ 4,446	\$ 45,776,152	30,157	\$ 138,873,948	\$ 4,605	\$ 37,446,223	23,472	\$ 101,427,725	\$ 4,321	\$ 16,948,123
3. DIRECT LOANS (0)	33,878	\$ 124,754,106	\$ 3,682	\$ (51,390,801)	45,180	\$ 176,144,907	\$ 3,899	\$ 16,543,113	42,406	\$ 159,601,794	\$ 3,764	\$ 2,254,567
4. CALIFORNIA STUDENT AID COMMISSION (706)	16,450	\$ 58,682,429	\$ 3,567	\$ 12,121,352	13,096	\$ 46,561,077	\$ 3,555	\$ 24,374,634	8,284	\$ 22,186,443	\$ 2,678	\$ 13,562,096
5. NATIONAL STUDENT LOAN PROGRAM (731)	3,124	\$ 27,187,443	\$ 8,703	\$ 15,473,318	1,369	\$ 11,714,125	\$ 8,557	\$ 8,398,840	446	\$ 3,315,285	\$ 7,433	\$ 2,762,097
6. AMERICAN STUDENT ASSISTANCE (725)	2,030	\$ 19,313,558	\$ 9,514	\$ (13,508,465)	3,179	\$ 32,822,023	\$ 10,325	\$ 8,421,100	2,691	\$ 24,400,923	\$ 9,068	\$ 2,186,119
7. GREAT LAKES HIGHER EDUCATION CORP. (755)	1,634	\$ 9,577,986	\$ 5,862	\$ (2,620,717)	1,866	\$ 12,198,703	\$ 6,537	\$ (5,185,511)	2,681	\$ 17,384,214	\$ 6,484	\$ 3,025,564
8. TEXAS GUARANTEED STUDENT LOAN CORP. (748)	2,487	\$ 7,007,267	\$ 2,818	\$ (842,296)	2,907	\$ 7,849,563	\$ 2,700	\$ 5,424,195	776	\$ 2,425,368	\$ 3,125	\$ 2,002,058
9. COORDINATING BOARD FOR HIGHER EDUCATION (729)	129	\$ 1,167,423	\$ 9,050	\$ 368,505	95	\$ 798,918	\$ 8,410	\$ 249,081	79	\$ 549,837	\$ 6,960	\$ 21,199
10. PENNSYLVANIA HIGHER EDUC. ASST. AGENCY (742)	172	\$ 1,139,109	\$ 6,623	\$ (319,022)	206	\$ 1,458,131	\$ 7,078	\$ 243,520	235	\$ 1,214,611	\$ 5,169	\$ 159,628
11. HIGHER EDUCATION ASSISTANCE AUTHORITY (721)	159	\$ 789,478	\$ 4,965	\$ 300,093	101	\$ 489,385	\$ 4,845	\$ 45,883	84	\$ 443,502	\$ 5,280	\$ (58,331)
12. COLORADO STUDENT LOAN PROGRAM (708)	254	\$ 746,050	\$ 2,937	\$ (3,276,352)	1,190	\$ 4,022,402	\$ 3,380	\$ 1,722,187	717	\$ 2,300,215	\$ 3,208	\$ 719,032
13. NORTH CAROLINA STATE EDUC. ASST. AUTH. (737)	88	\$ 577,530	\$ 6,563	\$ (37,790)	101	\$ 615,320	\$ 6,092	\$ 124,738	105	\$ 490,582	\$ 4,672	\$ (2,070,303)
14. STUDENT LOAN GUARANTY FNDTN. OF ARKANSAS (705)	58	\$ 429,164	\$ 7,399	\$ (122,028)	72	\$ 551,192	\$ 7,655	\$ 87,687	68	\$ 463,505	\$ 6,816	\$ (30,428)
15. SOUTH CAROLINA STATE EDUCATION ASST. AUTH. (745)	45	\$ 269,514	\$ 5,989	\$ (68,778)	52	\$ 338,292	\$ 6,506	\$ (72,618)	62	\$ 410,910	\$ 6,628	\$ (2,703,168)
16. VERMONT STUDENT ASSISTANCE CORPORATION (750)	22	\$ 169,328	\$ 7,697	\$ 17,348	38	\$ 151,980	\$ 3,999	\$ 49,910	22	\$ 102,070	\$ 4,640	\$ (21,899)
17. IOWA COLLEGE STUDENT AID COMMISSION (719)	26	\$ 148,025	\$ 5,693	\$ 57,559	19	\$ 90,466	\$ 4,761	\$ (24,139)	17	\$ 114,605	\$ 6,741	\$ 12,909
18. RHODE ISLAND HIGHER EDUCATION ASST. AUTH. (744)	13	\$ 131,388	\$ 10,107	\$ (24,834)	20	\$ 156,222	\$ 7,811	\$ 64,837	12	\$ 91,385	\$ 7,615	\$ 4,965
19. MICHIGAN HIGHER EDUCATION ASSIST. AUTH. (726)	12	\$ 90,589	\$ 7,549	\$ (20,411)	10	\$ 111,000	\$ 11,100	\$ 74,187	13	\$ 36,813	\$ 2,832	\$ (4,511)
20. EDUCATIONAL CREDIT MANAGEMENT CORP. (951)	18	\$ 79,583	\$ 4,421	\$ (249,068)	34	\$ 328,651	\$ 9,666	\$ 97,019	44	\$ 231,632	\$ 5,264	\$ (53,564)
21. EDUCATION ASSISTANCE CORPORATION (746)	13	\$ 68,925	\$ 5,302	\$ 28,575	10	\$ 40,350	\$ 4,035	\$ (46,090)	15	\$ 86,440	\$ 5,763	\$ (13,150)
22. OKLAHOMA GUARANTEED STUDENT LOAN PROGRAM (740)	10	\$ 53,550	\$ 5,355	\$ 22,221	11	\$ 31,329	\$ 2,848	\$ (55,748)	10	\$ 87,077	\$ 8,708	\$ 11,372
23. STUDENT LOANS OF NORTH DAKOTA (738)	8	\$ 47,200	\$ 5,900	\$ 30,825	4	\$ 16,375	\$ 4,094	\$ (6,625)	7	\$ 23,000	\$ 3,286	\$ 14,500
24. FLORIDA DEPARTMENT OF EDUCATION (712)	5	\$ 44,332	\$ 8,866	\$ 25,217	4	\$ 19,115	\$ 4,779	\$ (14,957)	7	\$ 34,072	\$ 4,867	\$ (3,376)
25. UTAH HIGHER EDUCATION ASSISTANCE AUTH. (749)	4	\$ 37,000	\$ 9,250	\$ 13,080	6	\$ 23,920	\$ 3,987	\$ 7,713	3	\$ 16,207	\$ 5,402	\$ -
26. MAINE EDUCATION ASSISTANCE DIVISION (723)	10	\$ 30,375	\$ 3,038	\$ 7,682	6	\$ 22,693	\$ 3,782	\$ (49,913)	13	\$ 72,606	\$ 5,585	\$ 29,856
27. GEORGIA HIGHER EDUCATION ASSISTANCE CORP. (713)	4	\$ 28,625	\$ 7,156	\$ (57,057)	23	\$ 85,682	\$ 3,725	\$ (10,010)	30	\$ 95,692	\$ 3,190	\$ 9,752
28. LOUISIANA OFFICE OF STUDENT FIN. ASST. (722)	7	\$ 27,875	\$ 3,982	\$ (7,625)	5	\$ 35,500	\$ 7,100	\$ (386,649)	138	\$ 422,149	\$ 3,059	\$ (750,955)
29. NORTHWEST EDUCATION LOAN ASSOCIATION (753)	6	\$ 21,125	\$ 3,521	\$ (22,347)	14	\$ 43,472	\$ 3,105	\$ 1,097	9	\$ 42,375	\$ 4,708	\$ (5,750)
30. TRANSITIONAL GUARANTY AGENCY (927)	7	\$ 18,736	\$ 2,677	\$ (116,205)	34	\$ 134,941	\$ 3,969	\$ (106,644)	82	\$ 241,585	\$ 2,946	\$ (60,189)
31. CONNECTICUT STUDENT LOAN FOUNDATION (709)	5	\$ 18,579	\$ 3,716	\$ (48,921)	11	\$ 67,500	\$ 6,136	\$ 32,500	5	\$ 35,000	\$ 7,000	\$ (3,000)
32. NEW YORK STATE HIGHER EDUCATION SERVICES (736)	3	\$ 17,625	\$ 5,875	\$ (23,864)	8	\$ 41,489	\$ 5,186	\$ (10,536)	10	\$ 52,025	\$ 5,203	\$ (14,877)
33. NEW JERSEY HIGHER EDUCATION ASST. AUTH. (734)	3	\$ 13,000	\$ 4,333	\$ 7,500	1	\$ 5,500	\$ 5,500	\$ (18,219)	5	\$ 23,719	\$ 4,744	\$ 1,344
34. NEW HAMPSHIRE HIGHER EDUCATION SERVICES (733)	2	\$ 6,125	\$ 3,063	\$ (46,750)	4	\$ 52,875	\$ 13,219	\$ (9,945)	7	\$ 62,820	\$ 8,974	\$ 24,070
35. ILLINOIS STUDENT ASSISTANCE COMMISSION (717)	1	\$ 1,375	\$ 1,375	\$ (5,125)	1	\$ 6,500	\$ 6,500	\$ (32,020)	5	\$ 38,520	\$ 7,704	\$ (630)
36. CDDTS (575)	0	\$ -	\$ -	\$ -	0	\$ -	\$ -	\$ (11,619)	3	\$ 11,619	\$ 3,873	\$ 2,245
37. CSB REPAYMENT SERVICING (577)	0	\$ -	\$ -	\$ -	0	\$ -	\$ -	\$ (7,500)	2	\$ 7,500	\$ -	\$ (4,000)
38. DEBT COLLECTION SERVICE (555)	0	\$ -	\$ -	\$ (62,926)	24	\$ 62,926	\$ 2,622	\$ (2,948,767)	892	\$ 3,011,693	\$ 3,376	\$ (1,361,818)
39. GUARANTEED STUDENT LOAN PROGRAM (730)	0	\$ -	\$ -	\$ -	0	\$ -	\$ -	\$ (9,000)	3	\$ 9,000	\$ 3,000	\$ 2,188
TOTALS	266,420	\$ 1,079,764,640	\$ 4,053	\$ (23,274,368)	269,755	\$ 1,103,039,008	\$ 4,089	\$ 119,275,685	251,041	\$ 983,763,323	\$ 3,919	\$ 66,347,692

Loan Issues by Topic

September 27, 2007

Tennessee Student Assistance Corporation
Parkway Towers, Suite 1950
404 James Robertson Parkway
Nashville, Tennessee 37243-0820
(615) 741-1346

www.CollegePaysTN.com

Topic	Background	Details	Future Efforts
Student Loan Issues	The student loan industry has been under a great deal of scrutiny the last few months. TSAC's involvement has focused on the following:	<p>Led two industry meetings that included THEC, schools, and representatives from the Attorney Generals (AG) office as well as the Office of State Audit.</p> <p>Provided guidance to schools in the form of a letter to school Presidents and financial aid directors.</p> <p>Invited to assist AG's office with student loan guidance.</p> <p>Reported and corrected errors in a recent AG Consumer Alert document.</p> <p>Responded to newspaper reporters and other outside parties to educate interested parties regarding current student loan issues.</p>	TSAC will continue to assist where possible. Once the current federal legislative process is complete, TSAC will inform appropriate parties of regulatory and operational guidance that will include interpretive responses to our school and lender partners.
Conversion and Servicer Update	TSAC has a contract with Nelnet Guarantor Solutions (NGS) that encompasses three primary services; grant and scholarship (timeshare) system support, general ledger (timeshare) system support and loan processing (full service).	<p>During January of this year, NGS embarked upon a system-wide conversion for loan processing. Although the box-to-box conversion went extremely well, some of the processing which affects schools did not go well.</p> <p>Specifically, integration between the front end web-based system, e*CLIPS, and disbursement services has resulted in many processing errors. Those processing errors have resulted in a backlog and dissatisfaction with customer service responsiveness.</p>	TSAC continues to monitor the contract and work with the contractor to 'get past' system conversion issues. TSAC has also stepped up its customer service follow up to schools and other clients.
Federal Legislative Changes that will have an impact on the Loan Program	The following represent the primary changes that TSAC believes are most likely to have major impacts to TSAC and or its lending community:	<p>Guarantor collection retention reductions.</p> <p>Elimination of Exceptional Performer Status.</p> <p>Reduction of Insurance rates.</p> <p>Lender yields being reduced.</p>	The impacts of these changes will be discussed in more detail during the March Board meeting to include the impact to our Operating and Federal Funds.

Federal Family Education Loan Program Volumes

September 27, 2007

Tennessee Student Assistance Corporation
Parkway Towers, Suite 1510
404 James Robertson Parkway
Nashville, Tennessee 37243-0820
(615) 741-1346

www.CollegePaysTN.com

Federal Family Education Loan Program

	2005-06		2006-07	
	Actual		Actual	
	Loans*	\$	Loans*	\$
<u>Stafford Loan Program (Subsidized)</u>				
Independent / Four-Year	27,741	\$106,694,202	23,291	\$91,623,031
Independent / Two-Year	59	138,862	87	204,670
Private/Business and Trade	9,224	24,855,062	6,973	18,659,186
Board of Regents	19,540	66,340,523	17,372	60,874,655
University of Tennessee System	13,754	54,865,563	19,020	82,963,052
State Tech/Community Colleges	13,658	31,694,401	13,595	31,944,209
School of Nursing	8	11,378	0	0
Tennessee Technology Centers	<u>146</u>	<u>302,160</u>	<u>111</u>	<u>241,720</u>
Total	84,130	\$284,902,151	80,449	\$286,510,523
Average Loan		\$3,386		\$3,561
<u>Stafford Loan Program (Unsubsidized)</u>				
Independent / Four-Year	23,985	\$112,093,272	19,782	\$96,979,913
Independent / Two-Year	65	207,115	74	259,587
Private/Business and Trade	9,030	25,110,270	6,879	21,202,521
Board of Regents	15,222	54,451,236	13,917	52,655,037
University of Tennessee System	12,142	55,104,858	15,851	84,481,971
State Tech/Community Colleges	7,396	18,102,694	7,225	18,078,016
School of Nursing	8	13,330	0	0
Tennessee Technology Centers	<u>131</u>	<u>403,073</u>	<u>103</u>	<u>308,215</u>
Total	67,979	\$265,485,848	63,831	\$273,965,260
Average Loan		\$3,905		\$4,292
<u>PLUS Loan Program</u>				
Independent / Four-Year	4,906	\$49,487,298	4,186	\$40,563,661
Independent / Two-Year	28	110,566	25	141,365
Private/Business and Trade	571	4,078,709	573	4,808,828
Board of Regents	2,312	13,995,585	2,237	15,625,046
University of Tennessee System	1,707	11,935,331	2,232	17,516,644
State Tech/Community Colleges	161	672,300	169	639,414
Tennessee Technology Centers	<u>1</u>	<u>7,500</u>	<u>1</u>	<u>7,500</u>
Total	9,686	\$80,287,289	9,423	\$79,302,458
Average Loan		\$8,289		\$8,416
<u>Grad PLUS Program</u>				
Independent / Four-Year	0	0	773	10,735,858
Private/Business and Trade	0	0	118	1,643,530
Board of Regents	0	0	42	244,803
University of Tennessee System	<u>0</u>	<u>0</u>	<u>446</u>	<u>3,097,070</u>
Total	0	\$0	1,379	\$15,721,261
Average Loan		\$0		\$11,400
<u>COMBINED LOAN PROGRAMS</u>				
Independent / Four-Year	56,632	\$268,274,772	48,032	\$239,902,463
Independent / Two-Year	152	456,543	186	605,622
Private/Business and Trade	18,825	54,044,041	14,543	46,314,065
Board of Regents	37,074	134,787,344	33,568	129,399,541
University of Tennessee System	27,603	121,905,752	37,549	188,058,737
State Tech/Community Colleges	21,215	50,469,395	20,989	50,661,639
School of Nursing	16	24,708	0	0
Tennessee Technology Centers	<u>278</u>	<u>712,733</u>	<u>215</u>	<u>557,435</u>
Total	161,795	\$630,675,288	155,082	\$655,499,502
Average Loan		\$3,898		\$4,227
<u>Other (Out-of-State) Schools</u>	25,776	\$101,043,435	20,951	\$78,124,378
GRAND TOTAL	187,571	\$731,718,723	176,033	\$733,623,880
Average Loan		\$3,901		\$4,168

* Note that the number of loans is reported on a semester or term basis. For example, two loans would be reported for an individual who borrowed in both the fall and spring semesters.

FEDERAL FAMILY EDUCATION LOAN PROGRAM
Federal Stafford Loan Program (*Subsidized*)

	2005-06 Actual		2006-07 Actual	
	Loans*	\$	Loans*	\$
<u>INDEPENDENT/FOUR-YEAR</u>				
Aquinas College (All Branches)	832	\$2,097,668	221	\$627,587
Baptist Memorial College of Health	693	2,452,383	660	2,301,913
Belmont University	2,735	13,034,986	436	1,909,971
Bethel College	1,908	5,768,536	1,433	4,344,693
Bryan College	487	1,670,671	655	2,290,596
Carson-Newman College	1,266	4,005,628	1,035	3,370,406
Christian Brothers University	1,087	4,229,979	1,144	4,394,879
Church of God Theological Seminary	101	690,689	32	255,033
Cumberland University	799	2,314,905	753	2,337,789
Emmanuel School of Religion	26	162,620	26	162,270
Free Will Baptist Bible College	213	796,270	200	791,788
Freed-Hardeman University	20	91,719	6	24,800
Johnson Bible College	335	1,148,792	351	1,250,650
King College	611	2,560,918	422	1,719,778
Lambuth University	412	1,445,722	415	1,452,901
Lee University	2,988	10,097,849	1,884	6,782,183
Lincoln Memorial University	1,872	6,471,096	1,491	5,472,371
Lipscomb University	1,152	4,037,334	1,268	4,385,577
Martin Methodist College	546	1,682,895	610	1,915,064
Maryville College	464	1,706,836	809	3,142,099
Meharry Medical College	429	3,559,189	611	5,027,035
Memphis College of Art	56	199,998	69	285,114
Memphis Theological Seminary	23	171,723	28	198,396
Milligan College	655	2,991,284	521	2,463,406
Rhodes College	55	239,496	69	255,735
Southern College of Optometry	2	17,000	0	0
Temple Baptist Seminary	13	71,249	53	226,115
Tennessee Temple University	15	35,341	296	946,413
Tennessee Wesleyan College	420	1,365,338	524	1,889,662
Trevecca Nazarene University	1,570	6,747,014	1,630	7,868,125
Tusculum College	2,109	6,973,541	2,361	7,955,221
Union University	1,571	6,570,246	1,778	8,610,677
University of the South	353	1,087,184	277	824,736
Vanderbilt University (All Branches)	1,723	9,501,625	1,104	5,704,738
Watkins College of Art and Design	<u>200</u>	<u>696,478</u>	<u>119</u>	<u>435,310</u>
TOTAL	27,741	\$106,694,202	23,291	\$91,623,031
AVERAGE LOAN		\$3,846		\$3,658
<u>INDEPENDENT/TWO-YEAR</u>				
John A Gupton College	<u>59</u>	<u>138,862</u>	<u>87</u>	<u>204,670</u>
TOTAL	59	\$ 138,862	87	\$204,670
AVERAGE LOAN		\$2,354		\$2,353
<u>BUSINESS & TRADE</u>				
Arnolds Beauty School	35	\$131,925	48	\$105,982
Concorde Career Institute	5	8,867	5	10,602
Draughon's Junior College (All Branches)	3,916	9,799,969	3,258	8,000,279
Electronic Computer Programming College	131	298,490	128	292,496
Fountainhead College of Technology	188	601,867	59	200,426
ITT Technical Institute (All Branches)	5	14,875	9	25,712
Institute of Hair Design	4	10,500	0	0
Jon Nave University of Cosmetology	9	15,575	86	218,586
McCollum & Ross - The Hair School	79	197,214	3	3,257
MedVance Institute	59	142,463	15	32,838
Middle Tennessee School of Anesthesia	185	1,448,387	139	1,119,549
Miller-Motte Business College (All Branches)	1,108	2,827,652	1,024	2,601,749
Nashville College of Medical Career	234	590,044	214	533,765
New Concepts School of Cosmetology	0	0	34	77,110

FEDERAL FAMILY EDUCATION LOAN PROGRAM
Federal Stafford Loan Program (*Subsidized*)

	2005-06 Actual		2006-07 Actual	
	Loans*	\$	Loans*	\$
New Directions Hair Academy (All Branches)	169	377,024	23	30,736
New Wave Hair Academy (All Branches)	275	676,463	7	10,506
North Central Institute	34	82,494	40	97,117
Nossi College of Art	423	1,191,644	3	4,813
O'More College of Design	113	412,304	106	402,340
Plaza Beauty School	126	276,668	103	241,234
Pyramid Beauty School	0	0	3	7,875
SAE Institute of Technology	149	390,900	113	296,449
South College	1,147	3,303,078	1,150	3,471,719
Southeastern Career College	322	881,270	57	153,515
Tennessee Academy of Cosmetology (All Branches)	202	360,760	171	286,043
Tennessee Career College	106	331,279	11	32,626
Volunteer Beauty Academy (All Branches)	200	483,350	164	401,862
TOTAL	9,224	\$24,855,062	6,973	\$18,659,186
AVERAGE LOAN		\$2,695		\$2,676
BOARD OF REGENTS				
Austin Peay State University	6,422	\$21,301,038	4,609	\$15,799,623
East Tennessee State University	4,652	17,643,423	5,632	21,635,831
Middle Tennessee State University	8,456	27,355,027	7,121	23,391,803
Tennessee State University	9	38,410	10	47,398
Tennessee Technological University	<u>1</u>	<u>2,625</u>	<u>0</u>	<u>0</u>
TOTAL	19,540	\$66,340,523	17,372	\$60,874,655
AVERAGE LOAN		\$3,395		\$3,504
UNIVERSITY OF TENNESSEE SYSTEM				
University of Tennessee, Chattanooga	3,118	\$11,670,428	4,405	\$17,307,598
University of Tennessee, Knoxville	7,224	30,649,020	11,133	51,515,755
University of Tennessee, Martin	3,135	10,345,801	3,039	10,502,277
University of Tennessee, Memphis	<u>277</u>	<u>2,200,314</u>	<u>443</u>	<u>3,637,422</u>
TOTAL	13,754	\$54,865,563	19,020	\$82,963,052
AVERAGE LOAN		\$3,989		\$4,362
STATE TECH/COMMUNITY COLLEGES				
Chattanooga State Technical Community College	3,004	\$7,766,565	3,113	\$8,114,590
Cleveland State Community College	574	1,318,680	514	1,218,026
Columbia State Community College	1,079	2,604,712	998	2,365,626
Dyersburg State Community College	667	1,510,840	623	1,386,495
Nashville State Technical Community College	2,187	5,180,765	1,976	4,585,937
Northeast State Technical Community College	1,087	2,435,030	1,184	2,773,293
Pellissippi State Technical Community College	1,694	3,180,587	1,663	3,112,622
Roane State Community College	977	2,526,814	1,133	3,114,102
Volunteer State Community College	1,594	3,315,140	1,670	3,570,867
Walters State Community College	<u>795</u>	<u>1,855,268</u>	<u>721</u>	<u>1,702,651</u>
TOTAL	13,658	\$31,694,401	13,595	\$31,944,209
AVERAGE LOAN		\$2,321		\$2,350
Methodist Hospital School of Nursing	8	<u>11,378</u>	<u>0</u>	<u>\$0</u>
TOTAL	8	\$11,378	0	\$0
AVERAGE LOAN		\$1,422		\$0
TENNESSEE TECHNOLOGY CENTERS				
Tennessee Technology Center at Nashville	146	\$302,160	111	\$241,720
TOTAL	146	\$302,160	111	\$241,720
AVERAGE LOAN		\$2,070		\$2,178

FEDERAL FAMILY EDUCATION LOAN PROGRAM
 Federal Stafford Loan Program (*Subsidized*)

	2005-06 Actual		2006-07 Actual	
	Loans*	\$	Loans*	\$
<u>GRAND TOTAL</u>	84,130	\$284,902,151	80,449	\$286,510,523
AVERAGE LOAN		\$3,386		\$3,561

* Note that the number of loans is reported on a semester or term basis. For example, two loans would be reported for an individual who borrowed in both the fall and spring semesters.

FEDERAL FAMILY EDUCATION LOAN PROGRAM
Federal Stafford Loan Program (*Unsubsidized*)

	2005-06		2006-07	
	Loans*	\$	Loans*	\$
<u>INDEPENDENT/FOUR-YEAR</u>				
Aquinas College (All Branches)	723	\$2,621,409	206	\$769,965
Baptist Memorial College of Health	637	2,532,381	624	2,295,028
Belmont University	1,900	11,506,384	378	1,909,687
Bethel College	1,776	6,125,002	1,270	4,259,644
Bryan College	266	886,842	354	1,154,409
Carson-Newman College	941	3,057,821	769	2,766,920
Christian Brothers University	1,028	4,722,867	1,149	5,459,327
Church of God Theological Seminary	34	174,615	10	73,940
Cumberland University	970	3,149,446	819	2,816,324
Emmanuel School of Religion	3	11,500	4	33,500
Free Will Baptist Bible College	128	492,677	113	435,378
Freed-Hardeman University	9	53,438	6	27,250
Johnson Bible College	248	800,238	230	825,149
King College	402	1,858,201	307	1,399,852
Lambuth University	269	815,555	296	978,063
Lee University	2,048	7,081,126	1,271	5,156,115
Lincoln Memorial University	2,190	11,289,209	1,436	6,812,528
Lipscomb University	930	3,598,874	980	3,755,105
Martin Methodist College	451	1,468,938	416	1,341,372
Maryville College	323	1,165,796	524	2,025,359
Meharry Medical College	445	10,174,149	616	15,391,982
Memphis College of Art	42	158,985	62	244,734
Memphis Theological Seminary	7	55,882	18	120,969
Milligan College	533	2,521,991	437	2,307,312
Rhodes College	50	215,626	68	275,987
Southern College of Optometry	4	8,910	0	0
Temple Baptist Seminary	6	44,120	18	84,800
Tennessee Temple University	8	30,722	161	527,482
Tennessee Wesleyan College	355	1,189,811	396	1,476,298
Trevecca Nazarene University	1,573	7,803,045	1,478	7,156,597
Tusculum College	2,075	8,351,080	2,296	8,575,681
Union University	1,475	7,275,859	1,708	9,335,357
University of the South	228	770,400	167	566,361
Vanderbilt University (All Branches)	1,754	9,485,725	1,101	6,234,367
Watkins College of Art and Design	154	594,648	94	387,071
TOTAL	23,985	\$112,093,272	19,782	\$96,979,913
AVERAGE LOAN		\$4,673		\$4,902
<u>INDEPENDENT/TWO-YEAR</u>				
John A Gupton College	65	207,115	74	259,587
TOTAL	65	\$207,115	74	\$259,587
AVERAGE LOAN		\$3,186		\$3,508
<u>PRIVATE/BUSINESS & TRADE</u>				
Arnolds Beauty School	28	\$81,066	21	\$61,181
Concorde Career Institute	3	4,131	4	8,566
Draughon's Junior College (All Branches)	4,027	6,498,190	3,489	8,685,379
Electronic Computer Programming College	98	147,810	85	152,130
Fountainhead College of Technology	129	487,928	53	202,881
ITT Technical Institute (All Branches)	5	19,500	7	23,293
Institute of Hair Design	0	0	1	4,000
Jon Nave University of Cosmetology	2	1,411	52	189,325
McCollum & Ross - The Hair School	74	268,235	1	712
MedVance Institute	43	129,534	11	22,312
Middle Tennessee School of Anesthesia	193	2,073,209	148	1,614,676
Miller-Motte Business College (All Branches)	1,111	3,725,343	1,013	3,343,477
Nashville College of Medical Career	255	728,515	229	707,449
New Concepts School of Cosmetology	0	0	34	82,156

FEDERAL FAMILY EDUCATION LOAN PROGRAM
Federal Stafford Loan Program (*Unsubsidized*)

	2005-06		2006-07	
	Loans*	\$	Loans*	\$
New Directions Hair Academy (All Branches)	161	436,704	21	28,774
New Wave Hair Academy (All Branches)	266	968,091	6	9,003
North Central Institute	30	105,200	33	106,506
Nossi College of Art	380	1,482,762	2	4,000
O'More College of Design	84	362,979	55	225,676
Plaza Beauty School	84	193,549	80	195,963
Pyramid Beauty School	0	0	3	4,125
Remington College	0	0	1	4,000
SAE Institute of Technology	115	454,250	75	295,361
South College	1,124	4,375,761	1,083	4,323,380
Southeastern Career College	324	1,234,238	47	107,643
Tennessee Academy of Cosmetology (All Branches)	208	279,706	184	284,269
Tennessee Career College	119	430,804	10	34,031
Volunteer Beauty Academy (All Branches)	<u>167</u>	<u>621,354</u>	<u>131</u>	<u>482,253</u>
TOTAL	9,030	\$25,110,270	6,879	\$21,202,521
AVERAGE LOAN		\$2,781		\$3,082
 BOARD OF REGENTS				
Austin Peay State University	4,863	\$18,363,875	3,592	\$14,328,877
East Tennessee State University	3,369	12,752,289	4,358	17,547,637
Middle Tennessee State University	6,980	23,286,998	5,958	20,757,366
Tennessee State University	9	44,074	9	21,157
Tennessee Technological University	<u>1</u>	<u>4,000</u>	<u>0</u>	<u>0</u>
TOTAL	15,222	\$54,451,236	13,917	\$52,655,037
AVERAGE LOAN		\$3,577		\$3,784
 UNIVERSITY OF TENNESSEE SYSTEM				
University of Tennessee, Chattanooga	2,737	\$10,089,504	3,907	\$16,904,841
University of Tennessee, Knoxville	6,359	31,529,658	9,130	50,858,890
University of Tennessee, Martin	2,526	8,710,049	2,358	8,531,165
University of Tennessee, Memphis	<u>520</u>	<u>4,775,647</u>	<u>456</u>	<u>8,187,075</u>
TOTAL	12,142	\$55,104,858	15,851	\$84,481,971
AVERAGE LOAN		\$4,538		\$5,330
 STATE TECH/COMMUNITY COLLEGES				
Chattanooga State Technical Community College	1,031	\$2,405,412	1,134	\$2,710,883
Cleveland State Community College	427	931,890	376	885,488
Columbia State Community College	821	2,185,188	812	2,081,575
Dyersburg State Community College	207	440,841	189	382,589
Nashville State Technical Community College	1,650	5,238,767	1,451	4,519,866
Northeast State Technical Community College	625	1,100,122	571	1,024,992
Pellissippi State Technical Community College	826	1,478,463	897	1,677,621
Roane State Community College	729	2,105,472	869	2,835,320
Volunteer State Community College	559	1,077,485	541	1,111,950
Walters State Community College	<u>521</u>	<u>1,139,054</u>	<u>385</u>	<u>847,732</u>
TOTAL	7,396	\$18,102,694	7,225	\$18,078,016
AVERAGE LOAN		\$2,448		\$2,502
Methodist Hospital School of Nursing	<u>8</u>	<u>\$13,330</u>	<u>0</u>	<u>\$0</u>
TOTAL	8	\$13,330	0	\$0
AVERAGE LOAN		\$1,666		\$0

FEDERAL FAMILY EDUCATION LOAN PROGRAM
Federal Stafford Loan Program (*Unsubsidized*)

	2005-06		2006-07	
	Actual		Actual	
	Loans*	\$	Loans*	\$
<u>TENNESSEE TECHNOLOGY CENTERS</u>				
Tennessee Technology Center at Nashville	<u>131</u>	<u>\$403,073</u>	<u>103</u>	<u>\$308,215</u>
TOTAL	131	\$403,073	103	\$308,215
AVERAGE LOAN		\$3,077		\$2,992
<u>GRAND TOTAL</u>				
AVERAGE LOAN	67,979	\$265,485,848	63,831	\$273,965,260
		\$3,905		\$4,292

* Note that the number of loans is reported on a semester or term basis. For example, two loans would be reported for an individual who borrowed in both the fall and spring semesters.

FEDERAL FAMILY EDUCATION LOAN PROGRAM
Federal PLUS Loan Program (*Parent*)

	2005-06 Actual		2006-07 Actual	
	Loans*	\$	Loans*	\$
<u>INDEPENDENT/FOUR-YEAR</u>				
Aquinas College (All Branches)	67	\$381,450	19	\$118,700
Baptist Memorial College of Health	82	419,256	56	308,950
Belmont University	881	12,835,628	342	4,258,823
Bethel College	48	259,175	49	276,615
Bryan College	153	1,227,106	123	985,155
Carson-Newman College	251	1,790,130	198	1,540,301
Christian Brothers University	109	724,729	113	768,572
Cumberland University	124	810,923	141	1,016,728
Free Will Baptist Bible College	75	628,649	75	587,867
Freed-Hardeman University	4	60,770	2	24,225
Johnson Bible College	70	322,224	102	531,083
King College	110	811,978	104	836,828
Lambuth University	69	514,214	51	392,978
Lee University	438	3,538,890	283	2,192,582
Lincoln Memorial University	160	684,865	146	624,852
Lipscomb University	442	3,666,552	431	4,179,975
Martin Methodist College	72	382,331	64	323,202
Maryville College	149	1,067,962	181	1,506,967
Meharry Medical College	0	0	307	3,028,552
Memphis College of Art	20	279,102	24	346,695
Milligan College	156	1,294,409	138	1,059,162
Rhodes College	27	291,028	15	170,397
Temple Baptist Seminary	1	4,901	1	2,500
Tennessee Temple University	3	26,200	20	114,620
Tennessee Wesleyan College	115	719,492	138	1,009,774
Trevecca Nazarene University	245	1,985,105	186	1,666,777
Tusculum College	144	1,002,186	112	739,312
Union University	251	2,379,076	282	3,354,932
University of the South	151	2,522,054	149	2,298,770
Vanderbilt University (All Branches)	458	8,571,592	314	6,041,392
Watkins College of Art and Design	31	285,321	20	256,375
TOTAL	4,906	\$49,487,298	4,186	\$40,563,661
AVERAGE LOAN		\$10,087		\$9,690
<u>INDEPENDENT/TWO-YEAR</u>				
Hiwassee College	15	\$61,126	16	\$97,190
John A Gupton College	13	49,440	9	44,175
TOTAL	28	\$110,566	25	\$141,365
<u>PRIVATE/BUSINESS & TRADE</u>				
Arnolds Beauty School	4	\$15,593	7	\$29,480
Concorde Career Institute	2	6,327	0	0
Draughon's Junior College (All Branches)	158	556,659	142	642,742
Electronic Computer Programming College	14	32,729	11	25,342
Fountainhead College of Technology	48	425,805	21	210,045
ITT Technical Institute (All Branches)	3	33,119	9	79,082
Jon Nave University of Cosmetology	0	0	19	199,895
McCollum & Ross - The Hair School	8	25,934	0	0
MedVance Institute	4	8,853	0	0
Middle Tennessee School of Anesthesia	0	0	77	889,035
Miller-Motte Business College (All Branches)	57	409,461	44	280,592
Nashville Auto Diesel College	4	31,468	0	0
Nashville College of Medical Career	9	21,263	4	34,596
New Concepts School of Cosmetology	0	0	2	6,700
New Directions Hair Academy (All Branches)	35	210,594	5	38,151
New Wave Hair Academy (All Branches)	4	27,357	0	0
O'More College of Design	39	352,622	32	220,505
Plaza Beauty School	9	57,495	13	81,324
SAE Institute of Technology	60	1,023,854	56	1,055,461
South College	69	558,972	100	846,927

FEDERAL FAMILY EDUCATION LOAN PROGRAM
Federal PLUS Loan Program (*Parent*)

	2005-06		2006-07	
	Actual		Actual	
	Loans*	\$	Loans*	\$
Southeastern Career College	7	54,284	0	8,695
Tennessee Academy of Cosmetology (All Branches)	11	21,424	8	13,362
Tennessee Career College	9	76,519	0	0
Volunteer Beauty Academy (All Branches)	<u>17</u>	<u>128,377</u>	<u>23</u>	<u>146,894</u>
TOTAL	571	\$4,078,709	573	\$4,808,828
AVERAGE LOAN		\$7,143		\$8,392
 <u>BOARD OF REGENTS</u>				
Austin Peay State University	412	\$2,416,406	367	\$3,542,815
East Tennessee State University	549	3,395,849	616	3,997,070
Middle Tennessee State University	1,100	6,699,951	1,143	7,363,432
Tennessee State University	11	84,250	11	87,618
Tennessee Technological University	<u>240</u>	<u>1,399,129</u>	<u>100</u>	<u>634,111</u>
TOTAL	2,312	\$13,995,585	2,237	\$15,625,046
AVERAGE LOAN		\$6,053		\$6,985
 <u>UNIVERSITY OF TENNESSEE SYSTEM</u>				
University of Tennessee, Chattanooga	315	\$1,789,808	372	\$2,235,003
University of Tennessee, Knoxville	1,070	8,960,831	1,428	12,782,126
University of Tennessee, Martin	311	1,094,692	323	1,583,508
University of Tennessee, Memphis	<u>11</u>	<u>90,000</u>	<u>109</u>	<u>916,007</u>
TOTAL	1,707	\$11,935,331	2,232	\$17,516,644
AVERAGE LOAN		\$6,992		\$7,848
 <u>STATE TECH/COMMUNITY COLLEGES</u>				
Chattanooga State Technical Community College	21	\$74,412	32	\$136,477
Cleveland State Community College	12	34,728	14	34,538
Columbia State Community College	17	88,700	13	59,122
Dyersburg State Community College	4	12,600	10	32,658
Nashville State Technical Community College	6	26,500	2	5,500
Northeast State Technical Community College	18	83,637	8	31,000
Pellissippi State Technical Community College	66	279,915	74	288,380
Volunteer State Community College	<u>17</u>	<u>71,808</u>	<u>16</u>	<u>51,739</u>
TOTAL	161	\$672,300	169	\$639,414
AVERAGE LOAN		\$4,176		\$3,784
 <u>TENNESSEE TECHNOLOGY CENTERS</u>				
Tennessee Technology Center at Nashville	<u>1</u>	<u>\$7,500</u>	<u>1</u>	<u>\$7,500</u>
TOTAL	1	\$7,500	1	\$7,500
AVERAGE LOAN		\$7,500		\$7,500
 <u>GRAND TOTAL</u>				
AVERAGE LOAN	9,686	\$80,287,289	9,423	\$79,302,458
		\$8,289		\$8,416

* Note that the number of loans is reported on a semester or term basis. For example, two loans would be reported for an individual who borrowed in both the fall and spring semesters.

FEDERAL FAMILY EDUCATION LOAN PROGRAM
Federal PLUS Loan Program (Graduate/Professional)

	2005-06		2006-07	
	Actual		Actual	
	Loans*	\$	Loans*	\$
<u>INDEPENDENT/FOUR-YEAR</u>				
Belmont University	0	0	42	290,372
Carson-Newman College	0	0	1	7,671
Christian Brothers University	0	0	7	34,529
Johnson Bible College	0	0	2	9,210
Lee University	0	0	5	16,361
Meharry Medical College	0	0	427	4,882,460
Milligan College	0	0	47	247,527
Trevecca Nazarene University	0	0	63	855,026
Union University	0	0	65	1,776,318
Vanderbilt University (All Branches)	0	0	114	2,616,384
TOTAL	0	\$0	773	\$10,735,858
AVERAGE LOAN		\$0		\$13,889
<u>PRIVATE/BUSINESS & TRADE</u>				
Middle Tennessee School of Anesthesia	0	0	118	1,643,530
TOTAL	0	\$0	118	\$1,643,530
AVERAGE LOAN		\$0		\$13,928
<u>BOARD OF REGENTS</u>				
Austin Peay State University	0	\$0	5	22,396
East Tennessee State University	0	0	34	202,783
Middle Tennessee State University	0	0	2	9,624
Tennessee State University	0	0	1	10,000
TOTAL	0	\$0	42	\$244,803
AVERAGE LOAN		\$0		\$5,829
<u>UNIVERSITY OF TENNESSEE SYSTEM</u>				
University of Tennessee, Chattanooga	0	\$0	15	85,809
University of Tennessee, Knoxville	0	0	313	2,124,521
University of Tennessee, Memphis	0	0	118	886,740
TOTAL	0	\$0	446	\$3,097,070
AVERAGE LOAN		\$0		\$6,944
<u>GRAND TOTAL</u>	0	\$0	1,379	\$15,721,261
AVERAGE LOAN	\$0	\$0		\$11,400

* Note that the number of loans is reported on a semester or term basis. For example, two loans would be reported for an individual who borrowed in both the fall and spring semesters.

TENNESSEE STUDENT ASSISTANCE CORPORATION
Thursday, September 27, 2007

DISCUSSION ITEM C: Communication Services Update

Staff Recommendation For discussion only.

Background An update will be provided discussing several improvements underway within the Communication Services Division.

Supporting Document None.

TENNESSEE STUDENT ASSISTANCE CORPORATION

Thursday, September 27, 2007

DISCUSSION ITEM D: 2007 General Assembly Legislative Report

Staff Recommendation For discussion only.

Background Contrary to the pattern of recent years, the Tennessee General Assembly adjourned in June, 2007 without having passed omnibus lottery legislation. However, the Legislature enacted a bill which increased the funding for several TSAC student financial aid programs.

The Tennessee Student Assistance Award program received \$13.8 million in additional funding for the TSAA program through the appropriations bill, Public Chapter 603 (Senate Bill 2334). From the total amount funded, \$3.8 million constituted recurring funding and \$10 million was non-recurring funding from lottery program reserves.

Additionally, the Tennessee Education Lottery Scholarship Program received funding through the increase of certain TELS program awards in P.C. 603. HOPE scholarships were increased for the 2007-2008 academic year from \$3,800 to \$4,000 at 4-year schools and from \$1,900 to \$2,000 at 2-year schools. Wilder-Naifeh Technical Skills grants were increased from \$1,500 per year to \$2,000 per year.

Supporting Document None.

