

**RULES  
OF  
TENNESSEE STUDENT ASSISTANCE CORPORATION**

**CHAPTER 1640-01-01  
TENNESSEE STUDENT ASSISTANCE PROGRAM**

**TABLE OF CONTENTS**

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

**1640-01-01-.01 DEFINITIONS.**

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

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

- (e) Is accredited by:
1. The Southern Association of Colleges and Schools; or
  2. The Accrediting Council for Independent Colleges and Schools, the Council on Occupational Education, or the Accrediting Commission of Career Schools and Colleges of Technology; and is authorized to operate by the Tennessee Higher Education Commission pursuant to the Postsecondary Education Authorization Act of 1974; or
  3. A regional accrediting agency if the institution is a private, nonprofit institution providing exclusively competency-based education through predominantly on-line degree programs.
- (9) Nonprofit Institution of Higher Education: An institution of higher education owned and operated by one or more nonprofit corporations or associations whose net earnings do not benefit, and cannot lawfully benefit, any private shareholder or entity.
- (10) Pell Grant Program: The program of federal student assistance authorized by Part A, Title IV, Higher Education Act of 1965, as amended.
- (11) TSAC: Tennessee Student Assistance Corporation.
- (12) Undergraduate student: Those persons enrolled in an eligible postsecondary institution as defined in T.C.A. § 49-4-301 and who have not received a baccalaureate degree.

**Authority:** T.C.A. §§ 49-4-201, 49-4-204, 49-4-301 and 2013 Tenn. Pub. Acts Ch. 185. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Repeal and new rule filed July 6, 1976; effective August 5, 1976. Amendment filed October 31, 1980; effective January 28, 1981. Amendment filed July 30, 1982; effective October 13, 1982. Amendment filed October 20, 1982; effective January 14, 1983. Amendment filed October 21, 1987; effective January 27, 1988. Amendment filed February 9, 1990; effective May 29, 1990. Amendment filed July 12, 1990; effective October 29, 1990. Amendment filed March 5, 1992; effective June 29, 1992. Amendment filed September 3, 1992; effective December 29, 1992. Amendment filed April 28, 1993; effective July 28, 1993. Amendment filed May 27, 1999; effective September 28, 1999. Amendment filed June 30, 2000; effective October 28, 2000. Repeal and new rule filed November 10, 2010; effective April 30, 2011. Amendments filed March 1, 2013; effective August 29, 2013. Amendment filed September 3, 2013; effective February 28, 2014.

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

- (1) A person shall be eligible for a student assistance award upon submission of an application and when TSAC determines:
- (a) The applicant is a resident of Tennessee, as defined by regulations promulgated by the Tennessee Board of Regents.
  - (b) The applicant has financial need.
  - (c) The applicant is enrolled or intends to enroll in an eligible postsecondary institution as an undergraduate student on at least a half-time basis as established by federal financial aid minima.
  - (d) The applicant has applied for a Federal Pell Grant under Title IV-A-1 of the Higher Education Act of 1965, as amended, and has been assigned an Expected Family

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

Contribution (EFC) by the U.S. Department of Education or its contractor, and has that EFC on file at the postsecondary institution to be attended.

- (e) If previously enrolled in the eligible postsecondary institution, that the applicant remains in good standing and is making satisfactory progress according to the standards and practices of the institution.
  - (f) The applicant does not owe a refund or repayment on any grant, and is not in default on any loan, received at any institution under provisions of Title IV of the Higher Education Act of 1965, as amended.
  - (g) The applicant is not incarcerated as defined in rule 1640-01-01-.01(07).
- (2) Award recipients must use student assistance awards for educationally related expenses. A recipient to whom credit has been extended during the enrollment process should give first priority to the liquidation of that obligation before using the proceeds of the awards to defray other educational expenses. All state financial aid granted to students shall be first applied to tuition and fees, room and board, and the excess, if any, shall be distributed to the recipient according to Title IV of the Higher Education Act of 1965, as amended.
- (3) Enrolled award recipients who withdraw prior to or after certification of enrollment, but prior to the completion of the term will have a portion of the award paid in accordance with the institution's published refund policies.
- (4) Award recipients who desire to transfer their student assistance award from one eligible postsecondary institution to another must make a request in writing to TSAC or transmit the information by updating their FAFSA.
- (5) Award recipients may receive awards to a maximum for:
- (a) A four-year program, up to 8 semesters or 12 quarters;
  - (b) A three-year program, up to 6 semesters or 9 quarters;
  - (c) A two-year program, up to 4 semesters or 6 quarters;
  - (d) A one-year program, up to 2 semesters or 3 quarters; and
  - (e) A six-month program, up to 1 semester or 2 quarters or until completion of the program of study, whichever comes first, assuming all other eligibility requirements are met.

**Authority:** T.C.A. §§ 49-4-201, 49-4-203, 49-4-204, 49-4-209, 49-4-301, and 49-4-302. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Repeal and new rule filed July 6, 1976; effective August 5, 1976. Amendment filed January 9, 1979; effective February 23, 1979. Amendment filed October 31, 1980; effective January 28, 1981. Amendment filed July 30, 1982; effective October 13, 1982. Amendment filed July 10, 1984; effective October 14, 1984. Amendment filed September 3, 1985; effective December 14, 1985. Amendment filed April 10, 1986; effective July 14, 1986. Amendment filed December 5, 1986; effective March 31, 1987. Amendment filed January 20, 1987; effective April 29, 1987. Amendment filed October 21, 1987; effective January 27, 1988. Amendment filed February 9, 1990; effective May 29, 1990. Amendment filed May 7, 1991; effective August 28, 1991. Amendment filed September 3, 1992; effective December 29, 1992. Amendment filed April 28, 1993; effective July 28, 1993. Amendment filed October 26, 1993; effective March 1, 1994. Amendment filed May 27, 1999; effective September 28, 1999. Amendment filed August 28, 2002; effective December 27, 2002. Repeal and new rule filed November 10, 2010; effective April 30, 2011. Amendments filed March 1, 2013; effective August 29, 2013.

**1640-01-01-.03 FINANCIAL NEED.**

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

**Authority:** T.C.A. §§ 49-4-201, 49-4-204 and 49-4-301. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Repeal and new rule filed July 6, 1976; effective August 5, 1976. Amendment filed January 9, 1979; effective February 23, 1979. Amendment filed December 27, 1979; effective March 30, 1980. Amendment filed October 31, 1980; effective January 28, 1981. Amendment filed November 30, 1981; effective March 1, 1982. Amendment filed October 20, 1982; effective January 14, 1983. Amendment filed July 10, 1984; effective October 14, 1984. Amendment filed May 7, 1991; effective August 28, 1991. Repeal and new rule filed November 10, 2010; effective April 30, 2011. Amendments filed March 1, 2013; effective August 29, 2013.

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

- (1) Postsecondary institutions enrolling student assistance award recipients shall certify and report the following information to TSAC before payments of assistance are made:
  - (a) That the student is or was enrolled for the appropriate academic term for half-time, three-fourths, or full-time enrollment.
  - (b) That the student is in good standing and making satisfactory progress according to the standards and practices of the institution, under provisions of Title IV of the Higher Education Act of 1965, as amended.
  - (c) That the student does not owe a refund on any grant or is not in default on any loan received at any institution under provisions of Title IV of the Higher Education Act of 1965, as amended.
  - (d) The student's current Expected Family Contribution.
  - (e) That the student's total resources which when combined with payments by TSAC will not result in the student receiving funds in excess of his or her cost of education as determined by criteria employed by the institution in administration of other programs of student financial assistance authorized by Title IV of the Higher Education Act of 1965, as amended.
  - (f) That the student has on file with the institution a Statement of Registration Compliance for periods of instruction beginning on or after July 1, 1983 certifying that he or she is registered with Selective Service or that he or she is not required to be registered.
  - (g) That the student has on file with the institution a statement for the periods of instruction beginning on or after July 1, 1989 certifying that he or she is in compliance with the Anti-Drug Abuse Act.

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

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

**Authority:** T.C.A. §§ 49-4-201, 49-4-204 and 49-4-301. **Administrative History:** Original rule filed January 23, 1976; effective April 15, 1976. Repealed and refiled July 6, 1976; effective August 5, 1976. Amendment filed January 9, 1979; effective February 23, 1979. Amendment filed October 31, 1980; effective January 28, 1981. Amendment filed October 20, 1982; effective January 14, 1983. Amendment filed February 9, 1984; effective May 15, 1984. Amendment filed July 10, 1984; effective October 14, 1984. Amendment filed September 3, 1985; effective December 14, 1985. Amendment filed April 10, 1986; effective July 14, 1986. Amendment filed August 25, 1986; effective November 29, 1986. Amendment filed February 9, 1990; effective May 29, 1990. Amendment filed April 28, 1993; effective July 28, 1993. Repeal and new rule filed November 10, 2010; effective April 30, 2011. Amendments filed March 1, 2013; effective August 29, 2013.

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

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

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

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

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

- (f) Reinstatement of eligibility may be requested of the Tennessee Student Assistance Corporation Board after a period of one (1) year after date of termination, but only if the institution is eligible for other Title IV programs.

**Authority:** T.C.A. §§ 49-4-201 and 49-4-204. **Administrative History:** Original rule filed July 10, 1984; effective October 14, 1984. Amendment filed February 9, 1990; effective May 29, 1990. Amendment filed September 3, 1992; effective December 29, 1992. Repeal and new rule filed November 10, 2010; effective April 30, 2011. Amendments filed March 1, 2013; August 29, 2013.