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Sequence Number: 07-22-15
 Rule ID(s): 5993
 File Date: 07/29/15
 Effective Date: 10/27/15

Proposed Rule(s) Filing Form

Proposed rules are submitted pursuant to Tenn. Code Ann. §§ 4-5-202, 4-5-207, and 4-5-229 in lieu of a rulemaking hearing. It is the intent of the Agency to promulgate these rules without a rulemaking hearing unless a petition requesting such hearing is filed within ninety (90) days of the filing of the proposed rule with the Secretary of State. To be effective, the petition must be filed with the Agency and be signed by twenty-five (25) persons who will be affected by the amendments, or submitted by a municipality which will be affected by the amendments, or an association of twenty-five (25) or more members, or any standing committee of the General Assembly. The agency shall forward such petition to the Secretary of State.

Pursuant to Tenn. Code Ann. § 4-5-229, any new fee or fee increase promulgated by state agency rule shall take effect on July 1, following the expiration of the ninety (90) day period as provided in § 4-5-207. This section shall not apply to rules that implement new fees or fee increases that are promulgated as emergency rules pursuant to § 4-5-208(a) and to subsequent rules that make permanent such emergency rules, as amended during the rulemaking process. In addition, this section shall not apply to state agencies that did not, during the preceding two (2) fiscal years, collect fees in an amount sufficient to pay the cost of operating the board, commission or entity in accordance with § 4-29-121(b).

Agency/Board/Commission:	Tennessee Student Assistance Corporation
Division:	Higher Education
Contact Person:	Peter Abernathy, Senior Associate Executive Director and Attorney
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Revision Type (check all that apply):

- Amendment
 New
 Repeal

Rule(s) Revised (ALL chapters and rules contained in filing must be listed here. If needed, copy and paste additional tables to accommodate multiple chapters. Please enter only ONE Rule Number/Rule Title per row)

Chapter Number	Chapter Title
1640-01-01	Tennessee Student Assistance Program
Rule Number	Rule Title
1640-01-01-.01	Definitions
1640-01-01-.02	Student Eligibility-Award Use
1640-01-01-.03	Financial Need
1640-01-01-.04	Reports and Record Access
1640-01-01-.05	Standards for Institutional Reviews and Error Resolution

Chapter 1640-01-01
Tennessee Student Assistance Program

Amendments

The authority for Rule 1640-01-01 is revised by changing the authority citation "2013 Tenn. Pub. Acts Ch. 185" to "T.C.A. § 49-7-2004."

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

Rule 1640-01-01-01 Definitions is amended by deleting the rule in its entirety and substituting the following language so that as amended the rule shall read:

- (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) Eligible Postsecondary Institution: Those institutions which are entitled to enroll student assistance award recipients as provided in T.C.A. § 49-4-301.
- (5) Expected Family Contribution (EFC): A measure of parental and/or student ability to contribute toward payment of educational expenses as determined by the FAFSA.
- (6) Incarcerated: Currently confined to a local, state, or federal correctional institution, which would include work release or educational release facilities.
- (7) Institution of Higher Education: A postsecondary educational institution in Tennessee which:
 - (a) Is a public university, community college, or Tennessee college of applied technology; a private business, trade, or technical school; or a nonprofit institution of higher education 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
 - (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.
- (8) 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.
 - (9) Pell Grant Program: The program of federal student assistance authorized by Part A, Title IV, Higher Education Act of 1965, as amended.
 - (10) TSAA: Tennessee Student Assistance Award.
 - (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 49-7-2004.

Rule 1640-01-01-.02 Student Eligibility-Award Use is amended by deleting the rule in its entirety and substituting the following language so that as amended the rule shall read:

- (1) To be eligible to receive TSAA, a student shall:
 - (a) Be a resident of Tennessee as defined by regulations promulgated by the Tennessee Board of Regents;
 - (b) Have financial need;
 - (c) Be enrolled or intend to enroll in an eligible postsecondary institution as an undergraduate student on at least a half-time basis;
 - (d) Have applied for a Federal Pell Grant under Title IV-A-1 of the Higher Education Act of 1965, as amended, and have been assigned an EFC by the U.S. Department of Education or its contractor;
 - (e) Remain in good standing and make satisfactory progress according to the standards and practices of the institution;
 - (f) Not owe a refund or repayment on any grant, and not be in default on any loan, received at any institution under provisions of Title IV of the Higher Education Act of 1965, as amended; and
 - (g) Not be incarcerated.
- (2) Award recipients must use the TSAA for educational-related expenses. TSAA awards 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. TSAA awards shall not exceed the recipient's cost of attendance when combined with other financial aid received.

- (3) Enrolled award recipients who withdraw prior to or after certification of enrollment, but prior to the completion of the term may have a portion of the award paid in accordance with the institution's published refund policies.
- (4) Award recipients who desire to transfer their TSAA from one eligible postsecondary institution to another must make a request to TSAC.
- (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; or
 - (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.

Rule 1640-01-01-.03 Financial Need is amended by deleting the rule in its entirety and substituting the following language so that as amended the rule shall read:

- (1) The parent's or student's EFC shall be measured using the same guidelines as those used in determining eligibility for assistance under the Federal Pell Grant Program.
- (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 EFC level based on anticipated appropriations. Students with an EFC equal to or less than the maximum amount will receive award commitments until appropriated funds are exhausted.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-301.

Rule 1640-01-01-.04 Reports and Record Access is amended by deleting the rule in its entirety and substituting the following language so that as amended the rule shall read:

- (1) Postsecondary institutions enrolling TSAA 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) 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 attendance as determined 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.
 - (e) 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 the student is registered with Selective Service or that the student is not required to be registered.
 - (f) 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 the student is in compliance with the Anti-Drug Abuse Act.
- (2) Postsecondary institutions enrolling TSAA recipients shall provide information as required by TSAC concerning the recipients, make institutional records available to TSAC concerning the recipients, and 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) Postsecondary institutions shall not violate the confidential relationship of the student. Student files shall be utilized only by the TSAC staff. Confidential information will not be released without written approval from the student. Statistical data may be released provided such reports do not identify individuals. Public requests for program records and information shall adhere to TSAC's open records policy.
 - (4) Persons applying for the TSAA 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 to record necessary data accurately.
 - (5) A TSAA 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.

Rule 1640-01-01-.05 Standards for Institutional Reviews and Error Resolution is amended by deleting the rule in its entirety and substituting the following language so that as amended the rule shall read:

- (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 TSAA:
 - (a) The Chief Executive Officer (CEO) of the institution typically will be notified of the visit four-to-six 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 CEO, or his or her representative(s), and the Director of Financial Aid to discuss the preliminary findings and recommendations resulting from the visit.

- (c) Following the exit interview, a preliminary report shall be sent to the CEO 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 CEO 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 Tenn. Comp. R. & Regs. 1360-04-01, Uniform Rules of Procedure for Hearing Contested Cases Before State Administrative Agencies, Rules of Secretary of State, by the TSAC Appeals Committee. Such Appeals Committee, composed of five (5) members of the TSAC Board of Directors, appointed as needed 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 TSAA award letters before the effective date of the suspension or termination will be paid for that term.
 - (f) Reinstatement of eligibility may be requested of the TSAC 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.

The vote by the Agency on these rules was as follows:

Board Member	Aye	No	Abstain	Absent
Governor Haslam, by Mr. Mark Cate	X			
Dr. Russ Deaton	X			
Dr. Claude Pressnell	X			
Mr. David H. Lillard, Jr.	X			
Comptroller Justin P. Wilson	X			
Commissioner Larry Martin, by Mr. David Thurman	X			
Commissioner Candice McQueen, by Dr. Danielle Mazera				X
Chancellor John Morgan, by Mr. David Gregory	X			
Dr. Joe Dipietro, by Dr. Katie High				X
Dr. Gary Weedman	X			
Dr. J. Gary Adcox	X			
Ms. Celena Tulloss	X			
Ms. Keri McInnis	X			
Dr. LaSimba Gray, Jr.				X
Mr. Tom Hughes	X			
Ms. Sydney Jones				X

I certify that this is an accurate and complete copy of proposed rules, lawfully promulgated and adopted by the TSAC Board of Directors on 05/27/2105, and is in compliance with the provisions of T.C.A. § 4-5-222. The Secretary of State is hereby instructed that, in the absence of a petition for proposed rules being filed under the conditions set out herein and in the locations described, he is to treat the proposed rules as being placed on file in his office as rules at the expiration of ninety (90) days of the filing of the proposed rule with the Secretary of State.

Date: 6/15/15

Signature: [Handwritten Signature]

Name of Officer: Dr. Russ Deaton

Title of Officer: Interim Executive Director



Subscribed and sworn to before me on: 6/15/15

Notary Public Signature: [Handwritten Signature]

My commission expires on: 08-23-2016

All proposed rules provided for herein have been examined by the Attorney General and Reporter of the State of Tennessee and are approved as to legality pursuant to the provisions of the Administrative Procedures Act, Tennessee Code Annotated, Title 4, Chapter 5.

[Handwritten Signature]
Herbert H. Slatery III
Attorney General and Reporter

7-24-15
Date

Department of State Use Only

Filed with the Department of State on: 07/29/15

Effective on: 10/27/15

[Handwritten Signature]
Tre Hargett
Secretary of State

SECRETARY OF STATE PUBLICATIONS
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Regulatory Flexibility Addendum

Pursuant to T.C.A. §§ 4-5-401 through 4-5-404, prior to initiating the rule making process as described in T.C.A. § 4-5-202(a)(3) and T.C.A. § 4-5-202(a), all agencies shall conduct a review of whether a proposed rule or rule affects small businesses. The statute requires that as a part of its analysis, each agency shall prepare an economic impact statement as an addendum to each rule that is deemed to affect small businesses, which shall be published in the Tennessee Administrative Register, filed with the Secretary of State's Office, and made available to all interested parties, including the Secretary of State, Attorney General, and the House and Senate Government Operations Committees.

The agency shall consider without limitation, certain methods of reducing the impact of the proposed rule on small businesses while remaining consistent with health, safety and well-being and those methods are as follows: the extent to which the proposed rule or rules may overlap, duplicate, or conflict with other federal, state, and local governmental rules; clarity, conciseness, and lack of ambiguity in the proposed rule or rules; the establishment of flexible compliance and/or reporting requirements for small businesses; the establishment of friendly schedules or deadlines for compliance and/or reporting requirements for small businesses; the consolidation or simplification of compliance or reporting requirements for small businesses; the establishment of performance standards for small businesses as opposed to design or operational standards required in the proposed rule; and the unnecessary creation of entry barriers or other effects that stifle entrepreneurial activity, curb innovation, or increase costs.

Description of Proposed Rule

Pursuant to T.C.A. § 4-5-202, the Tennessee Student Assistance Corporation (TSAC) intends to file proposed rules to amend the current rules of Chapter 1640-01-01 Tennessee Student Assistance Program Awards (TSAA), in lieu of a rulemaking hearing. It is the intent of TSAC to promulgate these rules without a rulemaking hearing unless a petition requesting such hearing is filed within thirty (30) days of the publication date of issue of the Tennessee Administrative Register in which the proposed rules are published.

The proposed rules are required to make various clarifications to the existing language of the TSAA rules and to provide uniformity with other TSAC rules.

Regulatory Flexibility Analysis - Methods of Reducing the Impact of Rules on Small Businesses

1. Overlap, duplicate, or conflict with other federal, state, and local governmental rules:

The proposed rules will not overlap, duplicate, or conflict with other federal, state, and local governmental rules.

2. Clarity, conciseness, and lack of ambiguity in the rule or rules:

The proposed rules were patterned to ensure clarity and conciseness of the language of the rules and to eliminate possible ambiguity in the interpretation of the rules.

3. Flexible compliance and/or reporting requirements for small businesses:

The proposed rules were drafted to facilitate administration of the program for eligible postsecondary education institutions.

4. Friendly schedules or deadlines for compliance and/or reporting requirements:

TSAC worked to ensure that proposed compliance and/or reporting requirements can be practically applied by institutions administering the program.

6. Performance standards for small businesses:

TSAC expects the eligible institutions engaged in the administration of the Tennessee Promise Scholarship Program to comply with all applicable rules.

7. Barriers or other effects that stifle entrepreneurial activity, curb innovation, or increase costs:
The proposed rules do not contain any foreseeable inhibitors to small business entrepreneurial activities.

Furthermore, the statute requires that the agency, as part of the rulemaking process for any proposed rule that may have an impact on small businesses, shall prepare an economic impact statement as an addendum for each rule. The statement shall include the following: the type or types of small businesses and an identification and estimate of the number of small businesses subject to the proposed rule that would bear the cost of, and/or directly benefit from the proposed rules; the projected reporting, recordkeeping and other administrative costs required for compliance with the proposed rule, including the type of professional skills necessary for preparation of the report or record; a statement of the probable effect on impacted small businesses and consumers; a description of any less burdensome, less intrusive or less costly alternative methods of achieving the purpose and/or objectives of the proposed rule that may exist, and to what extent, such alternative means might be less burdensome to small businesses; a comparison of the proposed rule with any federal or state counterparts; and analysis of the effect of the possible exemption of small businesses from all or any part of the requirements contained in the proposed rule.

Economic Impact Statement

1. Types of small businesses directly affected:

Not applicable. The proposed rules were drafted to facilitate administration of the program for the eligible postsecondary institutions and should have no impact on small businesses.

2. Projected reporting, recordkeeping, and other administrative costs:

There are no significant changes in reporting, recordkeeping, or other administrative costs that will result from the promulgation of these proposed rules.

3. Probable effect on small businesses:

Not applicable.

4. Less burdensome, intrusive, or costly alternative methods:

As these proposed rules present no foreseeable cost to the eligible postsecondary institutions, there is no alternative method to propose.

5. Comparison with federal and state counterparts:

There are no federal or state counterparts to the issues addressed by these proposed rules.

6. Effect of possible exemption of small businesses:

There will be no exemptions created by these proposed rules.

Impact on Local Governments

Pursuant to T.C.A. §§ 4-5-220 and 4-5-228 “any rule proposed to be promulgated shall state in a simple declarative sentence, without additional comments on the merits of the policy of the rules or regulation, whether the rule or regulation may have a projected impact on local governments.” (See Public Chapter Number 1070 (<http://state.tn.us/sos/acts/106/pub/pc1070.pdf>) of the 2010 Session of the General Assembly)

The rules for the Tennessee Student Assistance Program Chapter 1640-01-01, as amended, shall have no projected impact on local governments.

Additional Information Required by Joint Government Operations Committee

All agencies, upon filing a rule, must also submit the following pursuant to T.C.A. § 4-5-226(i)(1).

- (A) A brief summary of the rule and a description of all relevant changes in previous regulations effectuated by such rule;

The proposed rule acts to adopt revisions to the Tennessee Student Assistance Program Awards (TSAA) Chapter 1640-01-01 as proposed rules. These rules regulate a state funded program pursuant to T.C.A. § 49-4-301 to provide educational grants to students with financial need for the purpose of attending a postsecondary institution in Tennessee.

The proposed rules are required to make various clarifications to the existing language of the TSAA rules.

- (B) A citation to and brief description of any federal law or regulation or any state law or regulation mandating promulgation of such rule or establishing guidelines relevant thereto;

Tenn. Code Ann. § 49-4-301 authorizes Tennessee Student Assistance Corporation (TSAC) to administer the TSAA Program and Tenn. Code Ann. § 49-4-204 authorizes TSAC to promulgate rules and regulations relative to such program.

- (C) Identification of persons, organizations, corporations or governmental entities most directly affected by this rule, and whether those persons, organizations, corporations or governmental entities urge adoption or rejection of this rule;

TSAC, the Tennessee Higher Education Commission (THEC), the Tennessee Independent Colleges and Universities Association, the Tennessee Association of Student Financial Aid Administrators, Tennessee postsecondary institutions, including regionally-accredited online institutions, and those students with a financial need attending or planning to attend eligible postsecondary institutions in Tennessee are most directly affected by these proposed rules.

The aforementioned organizations, corporations, institutions, governmental entities, and individuals directly affected by this rule urge adoption of the proposed rules.

- (D) Identification of any opinions of the attorney general and reporter or any judicial ruling that directly relates to the rule;

There are no opinions of the Attorney General and reporter or any judicial ruling that directly relates to the rule.

- (E) An estimate of the probable increase or decrease in state and local government revenues and expenditures, if any, resulting from the promulgation of this rule, and assumptions and reasoning upon which the estimate is based. An agency shall not state that the fiscal impact is minimal if the fiscal impact is more than two percent (2%) of the agency's annual budget or five hundred thousand dollars (\$500,000), whichever is less;

There is no financial impact resulting from the proposed rule changes.

- (F) Identification of the appropriate agency representative or representatives, possessing substantial knowledge and understanding of the rule;

Peter Abernathy, TSAC Senior Associate Executive Director and Staff Attorney, and Tim Phelps, TSAC Associate Executive Director for Grants and Scholarships.

- (G) Identification of the appropriate agency representative or representatives who will explain the rule at a scheduled meeting of the committees;

Peter Abernathy, TSAC Senior Associate Executive Director and Staff Attorney, and Tim Phelps, TSAC Associate Executive Director for Grants and Scholarships.

- (H) Office address, telephone number, and email address of the agency representative or representatives who will explain the rule at a scheduled meeting of the committees; and

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- (I) Any additional information relevant to the rule proposed for continuation that the committee requests.

There is none received to date.

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

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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 as determined by the FAFSA.~~
- (54) Eligible Postsecondary Institution: Those institutions which are entitled to enroll student assistance award recipients as provided in T.C.A. § 49-4-301.
- (5) Expected Family Contribution (EFC): A measure of parental and/or student ability to contribute toward payment of educational expenses as determined by the FAFSA.
- ~~(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.~~
- (76) Incarcerated: Currently confined to a local, state, or federal correctional institution, which would include work release or educational release facilities.
- (87) Institution of Higher Education: A postsecondary educational institution in Tennessee which:
 - (a) Is a public university, community college, or ~~technology center~~ Tennessee college of applied technology; a private business, trade, or technical school; or a nonprofit institution of higher education 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;

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

- (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
- (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.
- (98) 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.
- (409) Pell Grant Program: The program of federal student assistance authorized by Part A, Title IV, Higher Education Act of 1965, as amended.
- (10) TSAA: Tennessee Student Assistance Award.
- (4411) TSAC: Tennessee Student Assistance Corporation ~~(TSAC)~~.
- (4212) Undergraduate student: Those persons enrolled in an eligible postsecondary institution as defined in T.C.A. § 49-4-301 and who have not received a baccalaureate degree.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-301, and ~~2013 Tenn. Pub. Acts Ch. 18549-7-2004.~~

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~~ To be eligible to receive TSAA, a student shall:
 - (a) ~~The applicant is~~ Be a resident of Tennessee, as defined by regulations promulgated by the Tennessee Board of Regents;
 - (b) ~~The applicant has~~ Have financial need;

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

- (c) ~~The applicant is~~Be 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~~ave applied for a Federal Pell Grant under Title IV-A-1 of the Higher Education Act of 1965, as amended, and ~~has~~ have been assigned an Expected Family Contribution (EFC)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~~Remain in good standing and ~~is making~~make satisfactory progress according to the standards and practices of the institution;
 - (f) ~~The applicant does n~~Not owe a refund or repayment on any grant, and ~~is not~~ be in default on any loan, received at any institution under provisions of Title IV of the Higher Education Act of 1965, as amended; and
 - (g) ~~The applicant is n~~Not be incarcerated as defined in rule 1640-01-01-.01(07).
- (2) Award recipients must use student assistance awards~~the~~ TSAA 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 studentsTSAA awards 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. TSAA awards shall not exceed the recipient's cost of attendance when combined with other financial aid received.
- (3) Enrolled award recipients who withdraw prior to or after certification of enrollment, but prior to the completion of the term ~~will~~ may 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~~TSAA 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 or~~
 - (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

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

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 parent's' or student's' ~~ability to contribute to educational expenses~~EFC shall be measured using the same guidelines as those used in determining eligibility for assistance under the Federal Pell Grant Program, ~~as these 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~~EFC level based on anticipated appropriations. Students with ~~a contribution index~~ an EFC 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~~ TSAA 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.~~
 - (ed) 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~~ attendance as determined by ~~criteria employed by~~ the institution in administration of

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

other programs of student financial assistance authorized by Title IV of the Higher Education Act of 1965, as amended.

- (-fe) 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~~ the student is registered with Selective Service or that ~~he or she~~ the student is not required to be registered.
 - (gf) 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~~ the student is in compliance with the Anti-Drug Abuse Act.
- (2) ~~Postsecondary institutions enrolling student assistance award TSAA recipients shall furnish such reports as may be provide information as 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.~~ Postsecondary institutions enrolling TSAA recipients shall furnish such reports as may be provide information as 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) ~~Postsecondary institutions shall not violate the~~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~~ student. Statistical data may be released provided such reports do not identify individuals. Public requests for program records and information shall adhere to TSAC's open records policy. ~~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.~~ 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 student. Statistical data may be released provided such reports do not identify individuals. Public requests for program records and information shall adhere to TSAC's open records policy. 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 the TSAA 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.~~ Persons applying for awards of student assistance the TSAA 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 TSAA 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.~~ A student assistance award TSAA 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.

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

- (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~~ TSAA:
 - (a) The Chief Executive Officer (CEO) of the institution typically will be notified of the visit ~~two-four-to-three~~ six 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~~ CEO, or his or her representative(s), and the Director of Financial Aid to discuss the preliminary findings and recommendations resulting from the visit.
 - (c) Following the exit interview, a preliminary report shall be sent to the ~~Chief Executive Officer~~ CEO 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~~ CEO 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 Tenn. Comp. R. & Regs. 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~~ TSAC Appeals Committee. Such Appeals Committee, composed of five (5) members of the ~~Tennessee Student Assistance Corporation~~ TSAC Board of Directors, appointed ~~annually as needed~~ 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

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

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~~TSAA Program award letters or on whose behalf TSAC endorsed an educational loan before the effective date of the suspension or termination will be paid for that term:
 - (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.~~
- (f) Reinstatement of eligibility may be requested of the ~~Tennessee Student Assistance Corporation~~TSAC 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.