

Proposed Rules
of the
TENNESSEE STUDENT ASSISTANCE CORPORATION

Chapter 1640-1-19
TENNESSEE EDUCATION LOTTERY SCHOLARSHIP PROGRAM

Presented herein are proposed amendments of the Tennessee Student Assistance Corporation, submitted pursuant to T.C.A. § 4-5-202 in lieu of a rulemaking hearing. It is the intent of the Tennessee Student Assistance Corporation 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 the issue of the Tennessee Administrative Register in which the proposed rules are published. Such petition to be effective must be filed with the Tennessee Student Assistance Corporation, Suite 1510, 404 James Robertson Parkway, Nashville, TN 37243-0820, and in the Department of State, 8th Floor, Tennessee Tower, William Snodgrass Building, 312 8th Avenue North, Nashville, TN 37243, and must 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.

For copies of the entire text of the proposed amendments, contact: Thomas R. Bain, Associate Executive Director for Compliance and Legal Affairs, Tennessee Student Assistance Corporation, Suite 1510, 404 James Robertson Parkway, Nashville, TN 37243-0820, 615-253-7476.

The text of the proposed amendments is as follows:

Amendments

In the Table of Contents, 1640-1-19-.08 is amended by deleting the current language in its entirety and substituting the following language so that as amended the title shall read:

1640-1-19-.08 Eligibility – Tennessee HOPE Access Grant

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

In the Table of Contents, 1640-1-19-.13 is amended by deleting the current language in its entirety and substituting the following language so that as amended the title shall read:

1640-1-19-.13 Retention of Awards – Tennessee HOPE Access Grant

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

Rule 1640-1-19-.01 Definitions is amended by deleting the current language in its entirety and substituting the following language so that as amended the rule shall read:

- (1) Academic Year: The term is defined in T.C.A. § 49-4-902.
- (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.

- (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
 - (b) an eligible postsecondary institution in conjunction with either another eligible postsecondary 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).
- (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.
- (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.
- (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.
- (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.
- (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.

- (17) Distance Education: An educational process that is characterized by the separation, in time or place, between instructor and student. It may include credit hours offered principally through the use of television, audio, or computer transmission, such as open broadcast, closed circuit, cable, or satellite transmission; audio or computer conferencing; video cassettes or discs, or correspondence.
- (18) Dual Enrollment: The term is defined in T.C.A. § 49-4-902.
- (19) Eligible High School: The term is defined in T.C.A. § 49-4-902.
- (20) Eligible Independent Postsecondary Institution: The term is defined in T.C.A. § 49-4-902.
- (21) Eligible Postsecondary Institution: The term is defined in T.C.A. § 49-4-902.
- (22) Eligible Public Postsecondary Institution: The term is defined in T.C.A. § 49-4-902.
- (23) Entering Freshman: The term is defined in T.C.A. § 49-4-902.
- (24) 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.
- (25) 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).
- (26) Full-Time Student: The term is defined in T.C.A. § 49-4-902.
- (27) GED: The term is defined in T.C.A. § 49-4-902.
- (28) General Assembly Merit Scholarship: The term is defined in T.C.A. § 49-4-902.
- (29) Grade Point Average: The numbered grade average calculated using a 4.0 scale, calculated to the hundredth decimal.
- (30) Home School Student: The term is defined in T.C.A. § 49-4-902.
- (31) 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.
- (32) Host Institution: The eligible postsecondary institution the student is temporarily attending as a transient student.
- (33) Immediate Family Member: Spouse, parents, children or siblings.
- (34) Incarcerated: Currently confined to a local, state, or federal correctional institution, as well as work release or educational release facilities.
- (35) 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.
- (36) Junior: The term is defined in T.C.A. § 49-4-902.
- (37) 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).
- (39) Non-Traditional student: The term is defined in T.C.A. § 49-4-902.
- (40) Parent: The term is defined in T.C.A. § 49-4-902.
- (41) Part-time Student: The term is defined in T.C.A. § 49-4-902.
- (42) Regional Accrediting Association: The term is defined in T.C.A. § 49-4-902.
- (43) Religious Worker: The term is defined in T.C.A. § 49-4-934(b)(2).
- (44) SAT: The SAT administered by the College Board, exclusive of the essay and optional subject area battery tests.
- (45) 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.
- (46) Semester: The term is defined in T.C.A. § 49-4-902.
- (47) Semester Hour: The term is defined in T.C.A. § 49-4-902.
- (48) Study Abroad Program: Programs of study for which college credit is earned that include travel outside the United States.
- (49) 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.
- (50) 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.
- (51) Tennessee HOPE Access Grant: The term is defined in T.C.A. § 49-4-902.
- (52) 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.
- (53) Tennessee HOPE Scholarship: The term is defined in T.C.A. § 49-4-902.
- (54) Tennessee National Guard: The term is defined in T.C.A. § 49-4-926(b)(3).
- (55) Test Date: The date designated for the ACT test administered by ACT, Inc., or the date designated for the SAT test administered by the College Board at national test centers. This shall also include the administration of either test on other dates as approved by the respective testing entities to accommodate an individual student's documented disability or other hardship.
- (56) Title IV: The term is defined in T.C.A. § 49-4-902.

- (57) 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.
- (58) 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.
- (59) Unweighted Grade Point Average: The term is defined in T.C.A. § 49-4-902.
- (60) Weighted Grade Point Average: The term is defined in T.C.A. § 49-4-902.
- (61) Wilder-Naifeh Technical Skills Grant: The term is defined in T.C.A. § 49-4-902.

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

Rule 1640-1-19-.02 Scholarship Award Amounts and Classifications is amended by deleting the current language in its entirety and substituting the following language so that as amended the rule shall read:

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

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

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

Paragraph (3) of rule 1640-1-19-.03 Application Process is amended by deleting the words "Fee Waiver" within the text so that as amended the paragraph shall read:

- (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 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.

Authority: T.C.A. §§ 49-4-201, 49-4-924, and 49-4-930.

Rule 1640-1-19-.05 Eligibility – Tennessee HOPE Scholarship is amended by deleting the current language in its entirety and substituting the following language so that as amended the rule shall read:

- (1) This paragraph applies to student eligibility requirements as amended effective July 1, 2007. To be eligible for a Tennessee HOPE Scholarship as an entering freshman, a student, who graduated from an eligible high school after December 1, 2003, upon having completed curriculum requirements of the high school for graduation, shall meet the requirements of T.C.A. § 49-4-907.
- (2) To be eligible for a Tennessee HOPE scholarship as an entering freshmen, a student who completes high school in a Tennessee home school program after December 1, 2003, who obtains a GED after December 1, 2003, or who graduates from a high school located in Tennessee that is not an eligible high school after December 1, 2003, shall meet the requirements of T.C.A. § 49-4-908.
- (3) To be eligible for a Tennessee HOPE scholarship, a student who graduates from an eligible high school, who graduates from a high school located in Tennessee that is not an eligible high school, who completes high school in a Tennessee home school program, or who obtains a GED after January 1, 2003, but prior to December 1, 2003, shall meet the requirements of T.C.A. § 49-4-909.
- (4) To be eligible for a TELS award, students entering active duty in the United States Armed Services within two (2) years after graduating from an eligible high school, graduating from a high school located in Tennessee that is not an eligible high school, completing high school in a Tennessee home school program or obtaining a GED, shall meet the requirements of T.C.A. § 49-4-918.

- (5) A student who is a Tennessee citizen and a dependent child of a full-time military parent may be eligible for a Tennessee HOPE Scholarship as an entering freshman as provided in this paragraph.
- (a) Such students may be eligible if they meet all eligibility requirements for a HOPE Scholarship except that:
 - 1. While the parent is a military parent, the student does not reside in Tennessee immediately preceding the date of application for financial assistance; and
 - 2. The student did not graduate from an eligible high school as defined in T.C.A. § 49-4-902, an ineligible high school, a Tennessee home school or obtain a GED.
 - (b) Students who graduated from a high school outside of Tennessee may nevertheless be eligible if the high school was:
 - 1. Operated by the United States; or
 - 2. Accredited by the appropriate regional accrediting association for the state in which the school is located; or
 - 3. Accredited by an accrediting association recognized by the foreign nation in which the school is located.
 - (c) Students graduating from high schools outside Tennessee who do not meet the requirements of part 2. of subparagraph (b) may still be eligible for the HOPE Scholarship if they completed high school in a home school program or obtained a GED.
 - (d) Paragraph (5) shall only apply to:
 - 1. Dependent children of members of the armed forces or Tennessee National Guard whose home of record, at the time of entry into military service, is Tennessee; and
 - 2. Dependent children of full-time civilian employees of the U.S. Department of Defense, who are Tennessee residents.
- (6) A student who is a Tennessee citizen and a dependent child of a full-time religious worker may be eligible for a Tennessee HOPE Scholarship as an entering freshman as provided in this paragraph.
- (a) Such student must meet all Tennessee HOPE Scholarship eligibility requirements except that:
 - 1. While the student's parent is serving in another nation as a religious worker, the student does not reside in Tennessee immediately preceding the date of application for financial assistance; and
 - 2. The student did not graduate from an eligible high school as defined in T.C.A. § 49-4-902, an ineligible high school, a Tennessee home school or obtain a GED.
 - (b) To be eligible for the Tennessee HOPE Scholarship under this paragraph (6), the student must:

1. Graduate from a high school in the foreign nation where the student's parent is a religious worker that is accredited by a regional accrediting association as defined in T.C.A. § 49-4-902 and meet the academic eligibility requirements of T.C.A. § 49-4-907(3); or
 2. Complete high school in a home school in the foreign nation where the student's parent is a religious worker and meet the academic requirements of T.C.A. § 49-4-908(2)(A).
- (c) Paragraph (6) only applies to dependent children of religious workers who are engaged in full-time religious work in another nation for more than one (1) year and who were Tennessee residents before leaving the U.S. to do religious work and intend to return to Tennessee upon completion of their assignment as a religious worker.
- (7) To be eligible for a Tennessee HOPE Scholarship, a non-traditional student who is an entering freshman shall meet the requirements of T.C.A. § 49-4-931.
 - (8) To be eligible for a Tennessee HOPE Scholarship, students graduating from a high school located in a neighboring state in a county contiguous to Tennessee shall meet the requirements of T.C.A. § 49-4-935.

Authority: T.C.A. §§ 49-4-201, 49-4-905, 49-4-907, 49-4-908, 49-4-909, 49-4-910, 49-4-918, 49-4-924, 49-4-926, 49-4-930, 49-4-931, 49-4-934, and 49-4-935.

Rule 1640-1-19-.06 Eligibility – Tennessee ASPIRE Award is amended by deleting the current language in its entirety and substituting the following language so that as amended the rule shall read:

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

Authority: T.C.A. §§ 49-4-201, 49-4-915, 49-4-917, 49-4-924, 49-4-930, and 49-4-931.

Rule 1640-1-19-.07 Eligibility – General Assembly Merit Scholarship is amended by deleting the current language in its entirety and substituting the following language so that as amended the rule shall read:

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

Authority: T.C.A. §§ 49-4-201, 49-4-916, 49-4-917, 49-4-924, and 49-4-935.

Rule 1640-1-19-.08 Eligibility – Tennessee HOPE Access Grant is amended by deleting the current language in its entirety and substituting the following language so that as amended the rule shall read:

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

Authority: T.C.A. §§ 49-4-201, 49-4-920, and 49-4-924.

Rule 1640-1-19-.09 Eligibility – Tennessee HOPE Foster Child Grant is amended by deleting the current language in its entirety and substituting the following language so that as amended the rule shall read:

- (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.
- (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).

Authority: T.C.A. §§ 49-4-201, 49-4-924, and 49-4-933.

Rule 1640-1-19-.10 Eligibility – Wilder-Naifeh Technical Skills Grant is amended by deleting the current language in its entirety and substituting the following language so that as amended the rule shall read:

- (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. § 49-1-921.

Authority: T.C.A. §§ 49-4-201, 49-4-921, and 49-4-924.

Rule 1640-1-19-.11 Eligibility – Tennessee Dual Enrollment Grant is amended by deleting the current language in its entirety and substituting the following language so that as amended the rule shall read:

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

Authority: T.C.A §§ 49-4-201, 49-4-924, and 49-4-930.

Rule 1640-1-19-.12 Retention of Awards – General Requirements is amended by deleting the current language in its entirety and substituting the following language so that as amended the rule shall read:

- (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, a student may receive a Tennessee HOPE Scholarship until a terminating event as described in T.C.A. § 49-4-913 occurs.
- (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 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(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(3), and is otherwise eligible for the award.
- (8) No retroactive awards shall be made for semester hours attempted in order to regain the scholarship.
- (9) A student can utilize the option outlined in paragraph (6) of this rule only one time. A student who, after regaining the award or awards pursuant to paragraph (6) of this rule, subsequently fails to retain any TELS award due to failure to achieve the cumulative grade point average at a regular credit hour checkpoint shall not be eligible to regain the TELS award or become eligible for another TELS award.
- (10) Except as provided by Rule 1640-1-19-.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, and 49-4-924.

Rule 1640-1-19-.13 Retention of Awards – Tennessee HOPE Access Grant is amended by deleting the current language in its entirety and substituting the following language so that as amended the rule shall read:

- (1) In addition to the general requirements for retention of award in Rule 1640-1-19-.12:
- (a) A Tennessee HOPE Access Grant shall be awarded to an eligible student only until the end of the semester in which the student has attempted a total of twenty-four (24) semester hours. A student who is eligible for a Tennessee HOPE Scholarship shall be ineligible for a Tennessee HOPE Access Grant.
 - (b) If a student receiving a Tennessee HOPE Access Grant has achieved a cumulative grade point average of at least 2.75 at the end of the semester in which the student has attempted twenty-four (24) semester hours, the student shall be eligible for a Tennessee HOPE Scholarship. The student will also receive the ASPIRE award referenced in Rule 1640-1-19-.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).
 - (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 Access Grant until a terminating event as described in T.C.A. § 49-4-913 occurs.

Authority: T.C.A. §§ 49-4-201, 49-4-913, 49-4-915, 49-4-920, and 49-4-924.

1640-1-19-.14 Retention of Awards – Tennessee Dual Enrollment Grant is amended by deleting the current language in its entirety and substituting the following language so that as amended the rule shall read:

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

Authority: T.C.A. §§ 49-4-201, 49-4-924, and 49-4-930.

Rule 1640-1-19-.15 Tennessee Education Lottery Scholarship Award Process is amended by deleting the current language in its entirety and substituting the following language so that as amended the rule shall read:

- (1) On or before 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, cumulative through the eighth semester. Students who graduate from summer school shall have their information reported to TSAC on or before August 15 of each year.
- (2) Eligible postsecondary institutions that enroll students receiving scholarships or grants shall assist in providing and certifying student information necessary for administering, receiving, and evaluating such programs.

Authority: T.C.A. §§ 49-4-201, 49-4-903, and 49-4-924.

Rule 1640-1-19-.17 Award Made in Error is amended by deleting the current language in its entirety and substituting the following language so that as amended the rule shall read:

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

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

Rule 1640-1-19-.18 Refund Policy is restructured so that as amended the paragraph shall read as paragraph (1).

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

Rule 1640-1-19-.20 Personal or Medical Leave of Absence is amended by deleting the current language in its entirety and substituting the following language so that as amended the rule shall read:

- (1) A student may be granted medical or personal leaves of absence from attendance at an eligible postsecondary institution and resume receiving an award(s) upon resumption of the student's attendance at an eligible postsecondary institution so long as all other applicable eligibility criteria are met. Each eligible postsecondary institution shall adopt procedures for considering student requests for leaves of absence. An eligible postsecondary institution may grant leaves of absence only for medical or personal reasons. Allowable medical or personal reasons shall include, but not be limited to, illness of the student, illness or death of an immediate family member, extreme financial hardship of the student or student's immediate family, to fulfill a religious commitment expected of all students of that faith, or other extraordinary circumstances beyond the student's control where continued attendance 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 of 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) Students granted a medical or personal leave of absence who resume their education at an eligible postsecondary institution shall retain TELS award eligibility until a terminating event as described in T.C.A. § 49-4-913 occurs.

Authority: T.C.A. §§ 49-4-201, 49-4-903, 49-4-913, 49-4-919, and 49-4-924.

Paragraph (4) of Rule 1640-1-19-.21 Military Mobilization of Eligible Students is amended by deleting the current language in its entirety and substituting the following language so that as amended the paragraph shall read:

- (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.

Authority: T.C.A. §§ 49-4-201, 49-4-903, 49-4-913, 49-4-919, and 49-4-924.

Rule 1640-1-19-.21 Military Mobilization of Eligible Students is amended by adding the following language as paragraph (6):

- (6) Tennessee residents attending an out-of-state institution, otherwise eligible, shall not have their TELS award eligibility negatively impacted by military mobilization upon their return to the state as a transfer student attending an eligible postsecondary institution.

Authority: T.C.A. §§ 49-4-201, 49-4-903, 49-4-913, 49-4-919, and 49-4-924.

Paragraph (3) of Rule 1640-1-19-.22 Calculation of Postsecondary Cumulative Grade Point Average is amended by deleting the citation “Rule 1640-1-19-.12(3)” in the body of the text and substituting “T.C.A. § 49-4-913” so that as amended the paragraph shall read:

- (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 T.C.A. § 49-4-913, nor are the grades for those classes included in the postsecondary cumulative grade point average.

Authority: T.C.A. §§ 49-4-201, 49-4-903, 49-4-913, 49-4-919, and 49-4-924.

Paragraph (4) of Rule 1640-1-19-.22 Calculation of Postsecondary Cumulative Grade Point Average is amended by deleting the citation “Rule 1640-1-19-.12(3)” in the body of the text and substituting “T.C.A. § 49-4-913” so that as amended the paragraph shall read:

- (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.

Authority: T.C.A. §§ 49-4-201, 49-4-903, 49-4-913, 49-4-919, and 49-4-924.

Paragraph (5) of Rule 1640-1-19-.22 Calculation of Postsecondary Cumulative Grade Point Average is amended by deleting the citation “Rule 1640-1-19-.12(3)” in the body of the text and substituting “T.C.A. § 49-4-913” so that as amended the paragraph shall read:

- (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, unless those hours are accepted toward a degree.

Authority: T.C.A. §§ 49-4-201, 49-4-903, 49-4-913, 49-4-919, and 49-4-924.

Paragraph (6) of Rule 1640-1-19-.22 Calculation of Postsecondary Cumulative Grade Point Average is amended by deleting the citation “Rule 1640-1-19-.12(3)” in the body of the text and substituting “T.C.A. § 49-4-913” so that as amended the paragraph shall read:

- (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.

Authority: T.C.A. §§ 49-4-201, 49-4-903, 49-4-913, 49-4-919, and 49-4-924.

Paragraph (7) of Rule 1640-1-19-.22 Calculation of Postsecondary Cumulative Grade Point Average is amended by deleting the citation “Rule 1640-1-19-.12(3)” in the body of the text and substituting “T.C.A. § 49-4-913” so that as amended the paragraph shall read:

- (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.

Authority: T.C.A. §§ 49-4-201, 49-4-903, 49-4-913, 49-4-919, and 49-4-924.

Paragraph (8) of Rule 1640-1-19-.22 Calculation of Postsecondary Cumulative Grade Point Average is amended by deleting the citation “Rule 1640-1-19-.12(3)” in the body of the text and substituting “T.C.A. § 49-4-913” so that as amended the paragraph shall read:

- (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.

Authority: T.C.A. §§ 49-4-201, 49-4-903, 49-4-913, 49-4-919, and 49-4-924.

Paragraph (10) of Rule 1640-1-19-.22 Calculation of Postsecondary Cumulative Grade Point Average is amended by deleting the word “learning” in the body of the text each place it appears and substituting the word “education” so that as amended the paragraph shall read:

- (10) A student enrolled in a matriculating status at an eligible postsecondary institution shall qualify for TELS award payment for distance education courses if all other eligibility requirements are met. Students may take courses through more than one eligible postsecondary institution during the same semester. Payment for the distance education courses shall be made in the same manner as transient students as provided in Rule 1640-1-19-.24

Authority: T.C.A. §§ 49-4-201, 49-4-903, 49-4-913, 49-4-919, and 49-4-924.

Paragraph (11) of Rule 1640-1-19-.22 Calculation of Postsecondary Cumulative Grade Point Average is amended by deleting the citation “Rule 1640-1-19-.12(3)” in the body of the text and substituting “T.C.A. § 49-4-913” so that as amended the paragraph shall read:

- (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.

Authority: T.C.A. §§ 49-4-201, 49-4-903, 49-4-911, 49-4-913, and 49-4-924.

Rule 1640-1-19-.23 Transfer Students is amended by deleting the current language in its entirety and substituting the following language so that as amended the rule shall read:

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

Technical Skills Grant and completed a diploma program is eligible for a HOPE Scholarship at either an eligible 2-year or 4-year postsecondary institution. The student must apply for a HOPE Scholarship within three (3) years of completing the diploma program.

- (3) 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, 49-4-929, and 49-4-937.

Rule 1640-1-19-.24 Transient Students is restructured so that as amended the paragraph shall read as paragraph (1).

Authority: T.C.A. §§ 49-4-201, 49-4-903 and 49-4-924.

Rule 1640-1-19-.25 Denial of Initial Eligibility – Failure to Timely Enroll is restructured so that as amended the paragraph shall read as paragraph (1).

Authority: T.C.A. §§ 49-4-201, 49-4-903 and 49-4-924.

Paragraph (1) of Rule 1640-1-19-.26 Appeal and Exception Process is amended by adding a parenthetical numeric reference “(2)” in the last sentence so that as amended the sentence shall read:

- (1) 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.

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

Paragraph (2) of Rule 1640-1-19-.26 Appeal and Exception Process is amended by adding the language “thirty” and adding parentheses () to the numeric reference in the sixth sentence so that as amended the sentence shall read:

- (2) ...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...

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

Legal Contact and/or party who will approve final copy for publication:

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Signature of the agency officer or officers directly responsible for proposing and/or drafting these rules:

Thomas R. Bain
 Associate Executive Director for Compliance and Legal Affairs
 Tennessee Student Assistance Corporation

The roll-call vote by the Tennessee Student Assistance Corporation Board of Directors on these proposed rules was as follows:

	Aye	No	Abstain
Governor Phil Bredesen by Mr. Patrick Smith	<u>X</u>	—	—
Dr. Richard Rhoda	<u>X</u>	—	—
Dr. Claude Pressnell	<u>X</u>	—	—
Dr. John Petersen by Dr. Katie High	<u>X</u>	—	—
Mr. Dale Sims by Ms. Janice Cunningham	<u>X</u>	—	—
Mr. John Morgan by Ms. Faye Weaver	<u>X</u>	—	—
Commissioner Dave Goetz by Mr. Pete Abernathy	<u>X</u>	—	—
Commissioner Lana Seivers by Mr. Morgan Branch	<u>X</u>	—	—
Dr. Joel Cunningham	<u>X</u>	—	—
Ms. Mary Kate Ridgeway	<u>X</u>	—	—

Dr. Lori May	<u> X </u>	—	—
Mr. Clyde Walker	<u> X </u>	—	—
Dr. Fred Johnson	<u> X </u>	—	—
Ms. Deborah Cole	<u> X </u>	—	—
Mr. Clay Petrey	<u> X </u>	—	—
Ms. Whitney McKinney	<u> X </u>	—	—

I certify that this is an accurate and complete copy of the proposed rules lawfully promulgated and adopted by the Tennessee Student Assistance Corporation Board of Directors on the 27th day of September, 2007.

Robert W. Ruble
Executive Director
Tennessee Student Assistance Corporation

The Secretary of State is hereby instructed that, in the absence of a petition for rulemaking hearing 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 thirty (30) days after the publication date of the issue of the Tennessee Administrative Register in which these proposed rules are published.

Thomas R. Bain
Associate Executive Director for Compliance and Legal Affairs
Tennessee Student Assistance Corporation

Subscribed and sworn to before me this the ____ day of _____, 20____.

Notary Public

My commission expires on the ____ day of _____, 20____.

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.

Robert E. Cooper, Jr.
Attorney General and Reporter

The proposed rules set out herein were properly filed in the Department of State on the 20th day of November, 2007, and pursuant to the instructions set out above, and the absence of the filing of an appropriate petition calling for a rulemaking hearing, will become effective on the 28th day of March, 2008. (11-12-07)

Riley C. Darnell
Secretary of State

By: _____ (Signature)

**REGULATORY FLEXIBILITY ACT OF 2007, PUBLIC CHAPTER 464
ECONOMIC IMPACT STATEMENT**

**TENNESSEE STUDENT ASSISTANCE CORPORATION
CHAPTER 1640-1-19 - TENNESSEE EDUCATION LOTTERY SCHOLARSHIP PROGRAM**

Public Chapter 464 of the 2007 Tennessee Public Acts, effective June 21, 2007 requires that prior to initiating the rulemaking process pursuant to Tenn. Code Ann. §§ 4-5-202(a)(3) and 4-5-202(a), all boards and commissions shall review all proposed rules and the impact that the proposed rule has on small businesses. The public chapter 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.

This economic impact 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.

DESCRIPTION OF PROPOSED RULE

The Tennessee Student Assistance Corporation intends to file proposed rules pursuant to T.C.A. § 4-5-202 in lieu of a rulemaking hearing to amend the current rules of Chapter 1640-1-19 Tennessee Education Lottery Scholarship (TELS) Program. 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.

These rules are being promulgated as proposed rules to implement statutory changes to the TELS Program required by Public Chapter No. 603 of the 2007 Tennessee Public Acts, which raised certain program award amounts and to implement other technical and administrative changes intended to facilitate administration of the TELS program, which includes minimizing the inclusion of rule language that duplicates TELS program statutory language. Substantive changes were made to reflect minor policy and procedure changes, which include: a change to the reporting deadline for high schools to submit student information to postsecondary institutions; definitive requirements for the Tennessee Dual Enrollment Grant program; an alteration to the process in which awards made in error are addressed; and a policy to ensure that military mobilization of a Tennessee resident attending an out-of-state institution does not negatively impact his or her return to the state as a transfer student.

ECONOMIC IMPACT STATEMENT

1. Types of small businesses directly affected:

Independent postsecondary education institutions which employ fifty (50) or fewer full-time employees that have students in attendance receiving a TELS award.

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:

The proposed changes to the rules were drafted to facilitate administration of the program for all secondary and postsecondary education institutions and should have a positive effect on the independent postsecondary institutions employing fifty (50) or fewer full-time employees.

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

As these proposed changes present no foreseeable cost to small businesses, 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.