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File Date: 12/27/13
Effective Date: 5/31/14

Proposed Rule(s) Filing Form

Proposed rules are submitted pursuant to T.C.A. §§ 4-5-202, 4-5-207 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 sixty (60) days of the first day of the month subsequent to 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.

Agency/Board/Commission:	Tennessee Student Assistance Corporation
Division:	Higher Education
Contact Person:	Peter Abernathy
Address:	Suite 1510, Parkway Towers, 404 James Robertson Parkway, Nashville, TN
Zip:	37243
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Revision Type (check all that apply):

___ Amendment
_X_ 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**
1640-01-24	Tennessee STEP UP Scholarship
Rule Number	**Rule Title**
1640-01-24-.01	Introduction
1640-01-24-.02	Definitions
1640-01-24-.03	Scholarship Award Amount
1640-01-24-.04	Application Process
1640-01-24-.05	Eligibility
1640-01-24-.06	Termination of Award
1640-01-24-.07	Reduction of Award
1640-01-24-.08	Certification
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New Rules

Chapter 1640-01-24
Tennessee STEP UP Scholarship

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1640-01-24-.01 Introduction.

These rules implement the Tennessee STEP UP Scholarship, Title 49, Chapter 4, Part 9 as amended by 2013 Tennessee Public Acts, Chapter 483 (the Act). The Act provides scholarships to students with documented intellectual disabilities to attend eligible postsecondary institutions.

Authority: T.C.A §§ 49-4-201, 49-4-204, and 49-4-943.

1640-01-24-.02 Definitions.

(1) Eligible Postsecondary Institution: A postsecondary institution located in Tennessee that offers an eligible postsecondary program.

(2) Eligible Postsecondary Program: The term is defined in T.C.A. § 49-4-943.

(3) FAFSA: Free Application for Federal Student Aid.

(4) TSAC: Tennessee Student Assistance Corporation.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-943.

1640-01-24-.03 Scholarship Award Amount.

Subject to the amounts appropriated by the General Assembly and any law relating to a shortfall in funds available for postsecondary financial assistance from the net proceeds of the state lottery, the amount of a Tennessee STEP UP Scholarship shall be the same as the amount of a Tennessee HOPE Scholarship awarded under T.C.A. § 49-4-914(a) to students attending eligible four-year postsecondary institutions.

Authority: T.C.A. §§ 49-4-201, 49-4-204, 49-4-914, and 49-4-943.

1640-01-24-.04 Application Process.

(1) Students must apply for the Tennessee STEP UP scholarship by:

(a) Submitting the Tennessee STEP UP scholarship application to TSAC during each year of enrollment in the eligible postsecondary program. Applications for the STEP UP Scholarship will be due no later than September 1 for fall enrollment, February 1 for spring enrollment, and May 1 for summer enrollment in determining awards for that academic year, and

(b) Submitting the FAFSA during each year of enrollment in the eligible postsecondary program. It shall be the responsibility of the student, parent(s), and/or legal guardian(s) to submit the FAFSA in a timely manner. The FAFSA shall be received by the U.S. Department of Education on or before September 1 for fall enrollment, February 1 for spring enrollment, and May 1 for summer enrollment in determining awards for that academic year.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-943.

1640-01-24-.05 Eligibility.

(1) To be eligible for a Tennessee STEP UP Scholarship a student shall meet the requirements of T.C.A. § 49-4-943(b).

(2) To continue to be eligible for a Tennessee STEP UP Scholarship, a student shall meet the requirements of T.C.A § 49-4-943(c).

Authority T.C.A. §§ 49-4-201, 49-4-204, and 49-4-943.

1640-01-24-.06 Termination of Award.

A student may receive the Tennessee STEP UP Scholarship until a terminating event as described in T.C.A. § 49-4-943(d) occurs.

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

1640-01-24-.07 Reduction of Award.

If the sum of all financial aid, including a Tennessee STEP UP scholarship, for which a student qualifies exceeds the institutionally defined total cost of education at the eligible postsecondary institution the scholarship recipient is attending, then the student's Tennessee STEP UP scholarship shall be reduced so that the financial aid actually received by the student does not exceed the institutionally defined cost of education.

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

1640-01-24-.08 Certification.

Each eligible postsecondary institution shall be responsible for certifying to TSAC that the student has met all eligibility requirements. Upon receiving such certification, TSAC will disburse the funds to the eligible postsecondary institution in equal amounts between the fall, spring, or summer terms provided the student does not receive the award for more than two (2) terms in the same academic year.

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

1640-01-24-.09 Leave of Absence.

(1) A student may be granted medical or personal leaves of absence from attendance at an eligible postsecondary institution and receive the Tennessee STEP UP Scholarship upon resumption of the student's attendance at an eligible postsecondary institution so long as all other applicable eligibility criteria are met. An eligible postsecondary institution may grant leaves of absence only for medical or personal reasons. Allowable medical or personal reasons shall include, but not be limited to, illness of the student, illness or death of an immediate family member, extreme financial hardship of the student or student's immediate

family, or other extraordinary circumstances beyond the student's control where continued attendance by the student creates a substantial hardship. In the event an institution denies a student's request for a medical or personal leave of absence, the student may seek relief from the decision in accordance with these rules.

(2) A student who receives an approved medical or personal leave of absence may resume receiving the scholarship as described in T.C.A § 49-4-943(d)(2).

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-943.

1640-01-24-.10 Appeals Procedure.

(1) A student whose Tennessee STEP UP Scholarship has been terminated by the postsecondary institution may appeal to the TELS Award Appeals Panel for relief. A student seeking an appeal shall submit a written statement outlining the basis for the appeal as well as all pertinent information related to the appeal to TSAC within forty-five (45) calendar days from the date that the decision was delivered to the student by the postsecondary institution. A complete record of the Institutional Review Panel (IRP) ruling shall be provided to TSAC by the student, if applicable.

(2) An appeal shall be heard by the Appeals Panel no later than forty-five (45) calendar days after an appeal is properly filed with TSAC, and a decision shall be determined no later than fourteen (14) calendar days after ruling on an appeal. Such decision shall be reduced to writing and shall include a summary of the pertinent facts and issues and the panel's decision. The Appeals Panel shall provide a copy of the written decision to the appellant and the appellant's home institution as soon as practicable. The Appeals Panel is the final administrative appeal.

Authority: T.C.A. §§ 49-4-201, 49-4-204, 49-4-924, and 49-4-943.

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

Board Member	Aye	No	Abstain	Absent	Signature (if required)
Governor Haslam, by Mr. Mark Cate	X				
Dr. Richard Rhoda By Dr. Russ Deaton	X				
Dr. Claude Pressnell	X				
Mr. David H. Lillard, Jr., by Mr. Andy McArthur	X				
Comptroller Justin P. Wilson, by Mr. Joseph Woodson	X				
Commissioner Larry Martin, by Greg Turner	X				
Commissioner Kevin Huffman, by Mr. Morgan Branch	X				
Chancellor John Morgan by David Gregory	X				
Dr. Joe Dipietro, by Dr. Katie High				X	
Dr. Betty Sue McGarvey By Dr. Gary Weedman	X				
Dr. J. Gary Adcox				X	
Mr. Jeff Gerkin	X				
Ms. Keri McInnis	X				
Dr. LaSimba Gray	X				
Mr. Cody Noble				X	
Mr. Daniel Webb				X	

I certify that this is an accurate and complete copy of proposed rules, lawfully promulgated and adopted by the Tennessee Student Assistance Corporation Board of Directors on 09/26/2013, 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 sixty (60) days of the first day of the month subsequent to the filing of the proposed rule with the Secretary of State.

Date: 10.10.13

Signature: [signature]

Name of Officer: Richard G. Rhoda

Title of Officer: Executive Director, Tennessee Student Assistance Corp.

CORSINA DICKSON-WILEY STATE OF TENNESSEE NOTARY PUBLIC DAVIDSON COUNTY, TENN.
My Commission Expires AUG. 23, 2016

Subscribed and sworn to before me on: 10-10-2013

Notary Public Signature: [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.

Robert E. Cooper, Jr. [signature]
Robert E. Cooper, Jr.
Attorney General and Reporter

12-13-13
Date

Department of State Use Only

Filed with the Department of State on: 12/27/13

Effective on: 5/31/14

Tre Hargett [signature]
Tre Hargett
Secretary of State

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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, Chapter 1640-01-24, Tennessee STEP UP Scholarship, as new rules, 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 Tennessee STEP UP Scholarship is a program designed to assist students with intellectual disabilities who have completed high school in accordance with the requirements of the student's Individualized Education Program (IEP) and enroll in a two-year individualized program at an eligible postsecondary institution that is recognized by the Postsecondary Educational Alliance and provides meaningful postsecondary activities, including academic, career development and exploration and independent living skills, on the postsecondary campus.

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 diligently with key postsecondary education institution personnel to ensure that proposed compliance and reporting requirements can be practically applied by eligible institutions administering the program.

5. Consolidation or simplification of compliance or reporting requirements:

   The proposed rules were drafted to ensure solid, easily interpreted, compliance and reporting requirements.

6. Performance standards for small businesses:

   TSAC expects the eligible institutions engaged in the administration of the Tennessee STEP UP Scholarship 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 four postsecondary institutions currently eligible for student enrollment in the Tennessee STEP UP Scholarship, Lipscomb University, University of Memphis, University of Tennessee, and Vanderbilt University, all employ fifty (50) or more full-time employees.

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. The proposed rules were drafted to facilitate administration of the program for the eligible postsecondary institutions and should have no impact postsecondary institutions employing fifty (50) or fewer full-time employees.

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 STEP UP Scholarship Chapter 1640-01-24, as proposed, 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 Tennessee STEP UP Scholarship is a program designed to assist students with intellectual disabilities who have completed high school in accordance with the requirements of the student's Individualized Education Program (IEP) and enroll in a two-year individualized program at an eligible postsecondary institution that is recognized by the Postsecondary Educational Alliance and provides meaningful postsecondary activities, including academic, career development and exploration and independent living skills, on the postsecondary campus.

As these rules are proposed as new rules there are no previous regulations effectuated by such 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;

These rules implement the Tennessee STEP UP Scholarship Program authorized in T.C.A., Title 49, Chapter 4, Part 9 as amended by 2013 Tennessee Public Acts, Chapter 483 (the Act). The Act provides scholarships to students with documented intellectual disabilities to attend eligible postsecondary institutions.

T.C.A. § 49-4-204 and PC 483 authorizes the Tennessee Student Assistance Corporation (TSAC) to promulgate rules to effectuate the purposes of the statutes.

(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;

Eligible postsecondary institutions that assist students with intellectual disabilities that offer an eligible postsecondary program recognized by the Postsecondary Education Alliance, other postsecondary institutions, and various members of the higher education community.

TSAC has met with, and/or provided a copy of the proposed rules to the aforementioned entities and has received no comments or concerns regarding 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 proposed 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 fiscal impact resulting from the proposed rules.

(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

Peter Abernathy Senior Associate Executive Director and Staff Attorney Tennessee Student Assistance Corporation Suite 1510, Parkway Towers 404 James Robertson Parkway Nashville, TN 37243 Peter.Abernathy@tn.gov 615.532.6065 Tim Phelps Associate Executive Director for Grants and Scholarships Tennessee Student Assistance Corporation Suite 1510, Parkway Towers 404 James Robertson Parkway Nashville, TN 37243 Tim.Phelps@tn.gov 615.253.7441

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

There is none received to date.