

**RULES  
OF  
TENNESSEE STUDENT ASSISTANCE CORPORATION**

**CHAPTER 1640-1-12**

**TEACHER LOAN PROGRAM FOR DISADVANTAGED  
AREAS OF TENNESSEE**

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**1640-1-12-.01 INTRODUCTION.**

These rules implement the Teacher Loan Program for Disadvantaged Areas of Tennessee authorized by T.C.A., Title 49, Chapter 4, Part 211 in Public Chapter 774 of the 1988 Public Acts (hereinafter called the Act). The Act provided for a State loan program to encourage outstanding students to enter teaching as a career. These “forgivable” loans are designated for persons who agree to teach at some K-12 level for at least four years in a public school located in a disadvantaged geographical (teacher shortage) area in the State. The awards may be provided for entering freshmen, current undergraduate students, or college graduates who are not currently certified to teach. Also, current teachers who aspire to obtain additional certifications are eligible.

The Tennessee Student Assistance Corporation (TSAC) is assigned by the Act to administer the program within the guidelines established by the State Board of Education (SBE). The Act allows the SBE to add or delete eligible geographical and subject areas in subsequent years based on its review of teacher supply/demand data.

*Authority:* T.C.A. §49-4-204. *Administrative History:* Original rule filed December 30, 1988; effective March 29, 1989.

**1640-1-12-.02 GENERAL.**

- (1) Definitions. As used in these regulations (Chapter 1640-1-12):
  - (a) “Plan of study” is a plan of enrollment not to exceed five academic years within which the applicant may complete requirements for certification/endorsement in an eligible field of study. The plan is transferable among Tennessee institutions provided such transfer is approved by the receiving institution and can be completed within the same time period. The loan/scholarship is limited to the equivalent of four academic years of benefits regardless of the length of the “plan of study.”
  - (b) “Grace period” is a period of one year that shall begin on the date the student completes his/her plan of study, in which repayment is not required and interest shall not accrue on the loan.
  - (c) “Repayment period” is a period of not more than four years in which the loan will be repaid and shall begin at the end of the grace period.
  - (d) “Critical discipline areas” are those subject areas that may be so designated by the State Board of Education in accordance with the provisions of the Act.
  - (e) “A full year of teaching service” shall be the ten (10) month contract period or its equivalent (two complete consecutive semesters of continuous full-time teaching).

(Rule 1640-1-12-.02, continued)

- (f) “Satisfactory progress” is a standard of progress toward completion of the pursued plan of study during which the student maintains a 2.5 cumulative grade point average, except existing teachers must maintain a 2.5 cumulative grade point average only in the new work which is undertaken.
  - (g) “Full-time teaching” will be determined on the basis that a minimum of 50% of the recipient’s weekly workload is devoted to teaching, exclusive of administrative, counseling or other assigned duties.
  - (h) “The Act” is T.C.A. §49-4-211 as found in Public Chapter 774 of the Public Acts of 1988.
  - (i) “The disadvantaged geographical areas” in which recipients may teach for credit toward their loan are those areas identified by the State Board of Education (SBE) for the program in accordance with the Act. The areas on the SBE list on the April 1st before the recipient completes the plan of study will determine creditable geographical areas for that recipient. If the recipient subsequently transfers to another area before retiring all of the obligation, he/she may receive further credit only if the new position is in an area which is on the SBE list at the time of the transfer.
  - (j) “A statement of intent” is a signed statement from a candidate certifying his or her intent to become a teacher in a public school system of Tennessee in a geographically disadvantaged area.
  - (k) “A letter of support” is a letter attesting to an applicant’s teaching ability and promise of professional success as a teacher at some K-12 level from persons directly knowledgeable about the capabilities of the applicant, i.e., supervisor, principal, superintendent, or other officer responsible for evaluating the applicant.
  - (l) “Academic year” is a period of time, typically eight or nine months, and is composed of two semesters, three quarters, or two trimesters of instruction.
- (2) All entering freshmen and current undergraduate students must attend the college or university on a full-time basis as determined by the institution’s written policies to be eligible. Returning teachers and those who already possess a baccalaureate degree may be eligible on a part-time basis.
  - (3) Funds received from this program are considered financial assistance for purposes of determining student assistance eligibility under programs authorized by Title IV of the Higher Education Act of 1965, as amended.
  - (4) All such loans shall be evidenced by notes payable to the Tennessee Student Assistance Corporation.
  - (5) Any applications received or approved shall be subject to the availability of funds.
  - (6) The applicant pool for available funds for awards to be made for the year beginning in July shall be established based upon applications received prior to May 15 of that year, except for the initial year of implementation. The May 15 cut-off date may be extended by the TSAC Executive Director should it be determined necessary for the purpose of utilizing all available funds.

**Authority:** T.C.A. §49-4-204. **Administrative History:** Original rule filed December 30, 1988; effective March 29, 1989. Amendment filed August 1, 1989; effective November 29, 1989. Amendment filed August 12, 1994; effective December 29, 1994.

**1640-1-12-.03 ELIGIBILITY.**

The successful applicant must meet all of the following:

- (1) Be a citizen of the United States and a resident of Tennessee.
- (2) Be admitted to or enrolled in an accredited public or private institution of higher education in Tennessee. Loans may be granted to students admitted to or enrolled in an accredited public or private two-year institution of higher education, provided that a plan of study is pursued which is transferable to a public or private university in Tennessee and will lead to certification which will then be used to teach in a disadvantaged area of the State, and provided that the plan of study can be completed within a maximum of a five (5) academic year period. The loan/scholarship is limited to the equivalent of four (4) academic years of benefits, regardless of the length of the plan of study.
- (3) Submit to the Tennessee Student Assistance Corporation a signed statement of intent to teach four years in a Tennessee public school located in a disadvantaged geographical area of the State and, after graduation, submit annual statements of employment to the Tennessee Student Assistance Corporation.
- (4) Existing teachers must also file two (2) letters of support.
- (5) Not accept any other financial aid that carries with it a conflicting service obligation. For the purposes of this program, participation in the Teacher Loan/Scholarship Program shall be considered as accepting aid which carries a conflicting service obligation.
- (6) Submit a TSAC-approved application through the Office of Financial Aid of the college to which the applicant is admitted or enrolled.
- (7) Shall not owe a refund or repayment on any grant, and is not in default on any loan, received at any postsecondary institution, under the provisions of Title IV of the Higher Education Act of 1965, as amended.
- (8) Must have on file with the educational institution for periods of instruction beginning on or after July 1, 1989 a statement certifying that the student is in compliance with the Anti-Drug Abuse Act.

**Authority:** T.C.A. §49-4-204. **Administrative History:** Original rule filed December 30, 1988; effective March 29, 1989. Amendment filed August 1, 1989; effective November 29, 1989. Amendment filed February 9, 1990; effective May 29, 1990. Amendment filed August 12, 1994; effective December 29, 1994.

**1640-1-12-.04 METHOD OF SELECTION.**

- (1) Each year that funds are available, two representatives each from the State Board of Education and from the State Department of Education with the Executive Director of TSAC shall form a selection committee which shall determine the ranking of applicants in accordance with the ranking system adopted by the State Board of Education.
- (2) The following priority groups have been established for this pilot program:
  - (a) Eligible renewal applicants have priority over all other applicants.
  - (b) The first-time applicants in the following priority groups will be recognized:

Priority Group

Minimum Requirements

(Rule 1640-1-12-.04, continued)

Full-Time Undergraduate Students	2.5 College Cumulative GPA, and an ACT composite score of at least 18 or the equivalent SAT total score. Other scores may be considered if there are compensating factors.
Entering Freshmen	2.5 High School GPA and an ACT composite score of at least 18 or the equivalent SAT total score. Other scores may be considered if there are compensating factors.
Existing Teachers	2.5 College Cumulative GPA and two (2) letters of reference.
Post-Baccalaureate Students other than Existing Teachers	2.5 GPA for the highest degree attained and an ACT composite score of at least 18 or the equivalent SAT total score. A GRE score of at least 1100 or an MAT score of at least 55 may also be substituted for the ACT or SAT scores.

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

- (3) The ranking of applicants must consider grade point average, standardized test scores, minority status, and certifications sought. It may also include difficulty of high school and/or undergraduate courses taken, leadership demonstrated while in school, the institution of higher education the applicant will attend, and other such factors that shall be identified as relevant to meeting the goals and interests of the Act.

**Authority:** T.C.A. §49-4-204. **Administrative History:** Original rule filed December 30, 1988; effective March 29, 1989. Amendment filed August 1, 1989; effective November 29, 1989.

#### **1640-1-12-.05 LOAN AMOUNT AND TERMS.**

- (1) All loans shall be evidenced by notes payable to the Tennessee Student Assistance Corporation. Awards will be sent to the college financial aid office each quarter or semester in the recipient's name and shall be disbursed on a quarter or semester pro rata basis. The maximum award for a recipient in any fiscal year is \$1,500.
- (2) The applicant may receive an award for up to the full cost of the maintenance fee and other mandatory fees or up to \$1,500 per academic year, whichever is less. The total maximum award shall in no case exceed \$6,000 over the maximum four (4) year period. For those baccalaureate degree holders in the program, loans for part-time college enrollment will be the actual cost of tuition and mandatory fees or \$150 per credit hour, whichever is less (not to exceed \$750 per semester or \$500 per quarter).
- (3) Cancellation

(Rule 1640-1-12-.05, continued)

- (a) For each year of full-time eligible service, as defined in these regulations, the recipient shall receive cancellation credit of twenty-five percent (25%) of the total amount borrowed plus interest.
  - (b) Cancellation credit will be calculated at a rate of up to \$1,500 per year of service plus interest on each year of service. Fractions of a year will not be credited toward cancellation. A request for postponement of repayment must be submitted to the TSAC by those recipients who have not completed a full year of continuous applicable teaching service. At the end of such period, cancellation will be applied upon receipt of verification of the completion of such service.
  - (c) The term “teaching” shall include persons employed in a disadvantaged geographical area in accordance with the Act as determined by the State Board of Education.
  - (d) A grace period of one year will be granted to allow the recipient opportunity to secure employment to begin cancellation credit. Some or all of the grace period may be waived at the recipient’s written request.
  - (e) The debt shall be cancelled in case of the death of the recipient upon documentation deemed acceptable by TSAC.
  - (f) If a recipient is determined to be totally and permanently disabled under the standards established by T.C.A., Title 8, Chapter 36, Part 5, for determining disability for members of the Tennessee Consolidated Retirement System, the outstanding debt shall be cancelled. A recipient is not considered totally and permanently disabled on the basis of a condition that existed prior to his/her loan application unless the recipient’s condition has substantially deteriorated since he/she submitted the application. If at any time subsequent to an initial determination of disability, the recipient’s condition improves to the point where a total and permanent disability no longer exists, the corporation may reinstate any outstanding debt previously cancelled.
  - (g) The loan/scholarship may not be discharged in a bankruptcy filed during the first seven years after the loan first becomes due (exclusive of any periods of deferment or other authorized suspension of the repayment period).
- (4) Repayment
- (a) The loan may be repaid should the recipient choose not to honor the terms and conditions of the loan agreement. Repayment will include the full amount of the loan funds received plus interest accrued from the date of award(s), and shall be based upon the Stafford Loan prevailing interest rate at the time of the recipient’s first award. Repayment may be made in whole or in monthly installments of at least fifty (50) dollars over a period of not more than four (4) years from the end of the grace period. All interest shall be based upon the unpaid principal balance of the loan.
  - (b) Repayment for recipients who complete the plan of study shall begin on the first day of the month following the end of the grace period.
  - (c) Repayment for recipients who fail to complete the funded plan of study shall begin on the first day of the month following such failure. Repayment will include the full amount of the loan funds received plus interest accrued from the date of award(s), and shall be based upon the Stafford Loan prevailing interest rate at the time of the recipient’s first award. Repayment may be made in whole or in monthly installments over a period of not more than four (4) years from

(Rule 1640-1-12-.05, continued)

the date of failure to complete the plan of study. All interest shall be based upon the unpaid principal balance of the loan.

- (d) Repayment of principal and interest will be prorated for partial service cancellation to reflect each full academic year taught. Such repayment shall begin on the first day of the month following termination of the creditable teaching service. Repayment of the non-cancelled loan may be made in whole or in monthly installments over the remaining months of the four (4) year repayment period. All interest shall be based upon the unpaid principal balance of the loan.
  - (e) By statute (T.C.A. §49-4-404), the State Attorney General assumes the legal responsibility forcing the collection of any such indebtedness against the individual.
  - (f) If a borrower issues a check, draft, warrant or electronic funds transfer, which is subsequently returned to the Tennessee Student Assistance Corporation for reason of insufficient funds, a stop payment order by the issuer, or any other reason, the payment to which these funds was applied shall be reversed on the borrower's account and interest shall continue to accrue from the date of the last valid payment.
- (5) Repayment of principal may be deferred, but interest shall accrue, during any period while the recipient is enrolled as a full-time student in an accredited institution of higher learning, or other extenuating circumstances as determined by the Executive Director of the TSAC.

**Authority:** T.C.A. §49-4-204. **Administrative History:** Original rule filed December 30, 1988; effective March 29, 1989. Amendment filed February 9, 1990; effective May 29, 1990. Amendment filed July 17, 1991; effective October 29, 1991. Amendment filed October 26, 1993; effective March 1, 1994.

#### **1640-1-12-.06 APPEALS PROCEDURES.**

- (1) Generally, the rulings of the program's administrator shall apply.
- (2) Those who believe that his/her rulings were not according to the published regulations and the Act may appeal to the TSAC Executive Director for relief.
- (3) If the Executive Director does not rule in the favor of the complainant, the complainant may request a hearing before the TSAC Appeals Committee. The ruling of the Appeals Committee shall be the last administrative remedy.

**Authority:** T.C.A. §49-4-204. **Administrative History:** Original rule filed December 30, 1988; effective March 29, 1989.