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Nashville, TN 37243
Phone: 615-741-2650
Email: publications.information@tn.gov

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Proposed Rule(s) Filing Form

Proposed rules are submitted pursuant to Tenn. Code Ann. §§ 4-5-202, 4-5-207, and 4-5-229 in lieu of a rulemaking hearing. It is the intent of the Agency to promulgate these rules without a rulemaking hearing unless a petition requesting such hearing is filed within ninety (90) days of the filing of the proposed rule with the Secretary of State. To be effective, the petition must be filed with the Agency and be signed by ten (10) persons who will be affected by the amendments, or submitted by a municipality which will be affected by the amendments, or an association of ten (10) or more members, or any standing committee of the General Assembly. The agency shall forward such petition to the Secretary of State.

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

Agency/Board/Commission:	Tennessee Student Assistance Corporation
Division:	Higher Education
Contact Person:	Peter Abernathy
Address:	Suite 1510, Parkway Towers, 404 James Robertson Parkway, Nashville, TN
Zip:	37243
Phone:	615.532.6065
Email:	Peter.Abernathy@tn.gov

Revision Type (check all that apply):

- Amendment
 New
 Repeal

Chapter Number	Chapter Title
1640-01-09	Ned McWherter Scholars
Rule Number	Rule Title
1640-01-09-.01	Summary and Purpose
1640-01-09-.02	Minimum Qualifications of Applicants
1640-01-09-.03	Qualifying Programs and Institutions of Higher Education
1640-01-09-.04	Scholarship Amount, Length, and Intervals of Payments
1640-01-09-.05	Application and Initial Award Procedures
1640-01-09-.06	Renewal Scholarships
1640-01-09-.07	Appeals Procedures

Amendments

Chapter 1640-01-09 Ned McWherter Scholars Program

Rule 1640-01-09 is amended by inserting a "0" in the rule and/or chapter number throughout the rule where only a single digit is reflected to conform to Tenn. Comp. R. and Reg. 1360-01-01-.03(1)(a)1.(xi), which states there is to be no single digits on rule and chapter numbers.

Rule 1640-01-09-.01 Summary and Purpose 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 State of Tennessee has created an Academic Scholars Program to be administered by the Tennessee Student Assistance Corporation (TSAC) for qualified applicants to attend postsecondary institutions in Tennessee in pursuit of an associate or baccalaureate degree. The scholarship will be awarded to assist in the cost of required tuition, fees, equipment, textbooks, supplies, and if applicable, room and board at the institution. The amount of the award shall be determined by the TSAC Board of Directors based on available State funding. The amount paid by TSAC from the program's endowment and appropriations must be matched on a dollar-for-dollar basis for each awardee by the respective institution the awardee attends. The scholarship is intended to provide an incentive for academically superior Tennessee students to attend a postsecondary education institution in Tennessee, and is payable for up to four academic years for recipients who continue to be qualified.

Authority: T.C.A. §§ 49-4-201, 49-4-203, and 49-4-204.

Rule 1640-01-09-.02 Minimum Qualifications of Applicants 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, an applicant must:
 - (a) Have earned a minimum cumulative grade point average in high school, at the end of the seventh semester, of at least 3.5 on a 4.0 scale. The seventh semester is usually the semester before the semester in which one would graduate.
 - (b) Have attained a composite score on the ACT or the SAT which places the student in the top five percent of test-takers nationally, such minimum score to be estimated based upon previous year's data and announced annually.
 - (c) Have graduated with a regular diploma from a high school in Tennessee that is approved by the Tennessee State Department of Education, is accredited by the Southern Association of Colleges and Schools, or belongs to an agency whose accreditation process is approved by the State Board of Education. Exceptions to this requirement for graduates of a "home school" as defined in T.C.A. § 49-6-3050 may be granted by the Executive Director of TSAC.
 - (d) Be an applicant for initial admission to college after high school graduation at the time of the student's initial application for the scholarship. The applicant must enroll at an eligible postsecondary institution within sixteen (16) months following graduation from high school.
 - (e) Be a Tennessee resident, as defined by rules promulgated by the Board of Regents.
 - (f) Be a citizen, permanent resident or eligible non-citizen of the United States.

- (g) Make application to TSAC for the scholarship by established deadlines on TSAC-approved application forms.
- (h) Request a copy of the high school transcript be mailed or emailed to TSAC by the high school from which the applicant graduated, or upon the applicant's graduation, as applicable. If the ACT and/or SAT scores have not previously been provided to TSAC, ensure at least one of these scores is sent to TSAC by the established deadline.

Authority: T.C.A. §§ 49-4-201, 49-4-203, and 49-4-204.

Rule 1640-01-09-.03 Qualifying Programs and Institutions of Higher Education 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 institution to be attended must be located in Tennessee and be approved by the Tennessee Higher Education Commission (THEC) or accredited by the Southern Association of Colleges and Schools to award academic associate or undergraduate degrees.
- (2) The postsecondary educational institution that the recipient will attend must agree in writing to TSAC to provide the administrative and academic information necessary to administer the program. The institution must also agree in writing to match the endowment portion of the scholarship award on a dollar-for-dollar basis. The portion of the scholarship matched by the postsecondary institution must not include a work or service requirement.
- (3) The program entered must lead to an associate or baccalaureate degree.

Authority: T.C.A. §§ 49-4-201, 49-4-203, and 49-4-204.

Rule 1640-01-09-.04 Scholarship Amount, Length, and Intervals of Payments 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 amount of the award shall be determined by the TSAC Board of Directors and published on TSAC's website.
- (2) If the scholarship recipient also receives federal and/or state educational assistance for the same award period(s), the total scholarship and other aid may not exceed the cost of attendance.
- (3) The recipient must attend on a full-time basis in courses that are creditable toward the recipient's graduation requirements during the time for which the recipient receives the scholarship, as determined by the written policies of the institution attended. At least two semesters of attendance, or the equivalent, is required each year to remain eligible. The cost for summer enrollment periods will not be covered by the scholarship.
- (4) Recipients must achieve at least a 3.0 cumulative grade point average (GPA) each academic year to remain eligible.
 - (a) If a student ceases to be eligible for the Ned McWherter Scholars award due to failure to achieve the required cumulative GPA at the end of an academic year, the student may regain the award by maintaining continuous, full-time enrollment at an eligible postsecondary institution and attaining a cumulative GPA of 3.0 or higher. Eligibility shall be reviewed at the end of each academic year following the loss of the award. The student may regain the award one time. A student who subsequently loses the award after regaining eligibility shall be permanently ineligible.

- (5) Recipients in a baccalaureate degree program are eligible for the scholarship for up to eight semesters or twelve quarters. Recipients in an associate degree program are eligible for up to four semesters or six quarters.
- (6) Scholarship recipients must use the Ned McWherter Scholars award for education-related expenses. Ned McWherter Scholars awards shall be first applied to tuition and fees, room and board, and the excess, if any, shall be distributed to the recipient provided the student remains eligible according to subsections (3) and (4) of this rule. The funds will be sent by direct deposit to the school and the school will disburse the funds to the recipient. At institutions utilizing the quarter system, one-third of the annual award will be paid at the start of the fall, winter, and spring quarters. At semester institutions, one-half of the annual award will be paid at the start of the fall and spring terms.

Authority: T.C.A. §§ 49-4-201, 49-4-203, 49-4-204, and 49-4-209.

Rule 1640-01-09-05 Application and Initial Award Procedures is amended by deleting the current language in its entirety and substituting the following language so that as amended the rule shall read:

- (1) By February 15, each applicant shall:
 - (a) Submit an application to TSAC; and
 - (b) Ensure a copy of the applicant's high school transcript that contains the high school grades through the seventh semester is submitted by the high school to TSAC.
- (2) Recipients for freshmen awards will be selected by the following criteria:
 - (a) The applicant must meet the minimum standards described in Rule 1640-01-09-02.
 - (b) The ACT and/or SAT score, including past scores of each test, the high school grades attained in each course, and the difficulty of the high school program taken will be compared to those of other applicants.
 - (c) Other relevant factors will be considered that tend to indicate the success the applicant may have in the program and the applicant's future contributions to society. The awards will be made with due regard for broad participation by recipients from across the state who are representative of various ethnic and racial characteristics and by members of each sex.
- (3) Recipients will be recommended by a four-person committee chaired and appointed by the Executive Director of THEC / TSAC. The Executive Director of THEC / TSAC, or designee, shall serve on the committee. Other members shall include one representative each of public four-year institutions, private four-year institutions, and community colleges. The selection of these three representatives shall provide for rotation among eligible institutions, according to procedures established by the Executive Director of THEC / TSAC.
- (4) During the spring semester of the high school senior year, TSAC will notify applicants of their award status. Those who are notified that they are tentative awardees will have two weeks from the notification date to notify TSAC that they will accept the award or the award will be forfeited.
- (5) The number of recipients selected for awards in any one year will be determined by the availability of funds for that year.
- (6) The institution shall ensure that the recipient is enrolled full-time for the period for which the

award is given and, after the initial term of enrollment, that the recipient has maintained satisfactory progress in accordance with standards described in Rule 1640-01-09-.04(4) for the immediately preceding academic term attended by the recipient prior to releasing scholarship funds to the recipient. The electronic certification shall be completed by the institution each term of the award year.

- (7) If the deadline under this section occurs on a weekend or holiday, the deadline will be the next business day.

Authority: T.C.A. §§ 49-4-201, 49-4-203, and 49-4-204.

Rule 1640-01-09-.06 Renewal Scholarships is amended by deleting the current language in its entirety and substituting the following language so that as amended the rule shall read:

- (1) Scholarship awards are made to recipients for one year at a time. After the initial application, renewal applications must be submitted each year to continue in the program.
- (2) Renewal recipients shall receive first priority for scholarship awards, assuming sufficient funding.
- (3) Scholarships will be continued for recipients who continue to meet Rule 1640-01-09-.02 standards and maintain satisfactory progress in accordance with the standards described in Rule 1640-01-09-.04(4). Upon proper and timely application, such prior recipients will be eligible for a renewal scholarship each year while enrolled in the program until the recipient has received a maximum total of twelve quarters or eight semesters in a baccalaureate degree program or a maximum of six quarters or four semesters in an associate degree program in awards.
- (4) Students participating in the program may transfer to another eligible institution. This transfer must be noted on the application. A transfer student retains their eligibility provided all other conditions are met. Recipients completing an associate degree may transfer to a four year institution to pursue a baccalaureate degree.
- (5) Renewal applications, as approved by TSAC, must be submitted by February 15 that immediately precedes the year for which the scholarship is sought. If the deadline occurs on a weekend or holiday, the application deadline will be the next business day.
- (6) All renewal awards are tentative until confirmation is received by TSAC from the educational institution being attended that the student continues to meet the stipulations in subparagraph (3) of this Rule after the spring term.

Authority: T.C.A. §§ 49-4-201, 49-4-203, and 49-4-204.

Rule 1640-01-09-.07 Appeals Procedures is amended by deleting the current language in its entirety and substituting the following language so that as amended the rule shall read:

- (1) All student appeals must be submitted to the TSAC Tennessee Education Lottery Scholarship (TELS) Appeals Panel. Except where exigent circumstances exist, the TELS Appeals Panel shall render a decision no later than fourteen (14) calendar days after receipt of the appeal. The ruling of the TELS Appeals Panel shall be the last administrative remedy.
- (2) The TELS Appeals Panel shall have no authority to make an exception to the high school or collegiate GPA requirements.

Authority: T.C.A. §§ 49-4-201, 49-4-203, and 49-4-204.

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

Board Member	Aye	No	Abstain	Absent
Governor Haslam, by Mr. Stephen Smith	X			
Mr. Mike Krause	X			
Dr. Claude Pressnell	X			
Mr. David H. Lillard, Jr., by Ms. Shiri Anderson	X			
Comptroller Justin P. Wilson				X
Commissioner Larry Martin, by Mr. Greg Turner	X			
Commissioner Candice McQueen, by Dr. Danielle Mazera	X			
Chancellor David Gregory, by Dr. Heidi Leming	X			
Dr. Joe Dipietro, by Dr. Katie High	X			
Dr. J. Gary Adcox	X			
Ms. Karen Hauser	X			
Ms. Keri McInnis	X			
Dr. LaSimba Gray, Jr.				X
Mr. Tom Hughes				X
Mr. Randy Lowry				X
Mr. Garrett Wilson	X			
Ms. Sharon Hayes	X			

I certify that this is an accurate and complete copy of proposed rules, lawfully promulgated and adopted by the TSAC Board of Directors on 09/27/2016, and is in compliance with the provisions of T.C.A. § 4-5-222. The Secretary of State is hereby instructed that, in the absence of a petition for proposed rules being filed under the conditions set out herein and in the locations described, he is to treat the proposed rules as being placed on file in his office as rules at the expiration of ninety (90) days of the filing of the proposed rule with the Secretary of State.

Date: February 2, 2017

Signature: *Mike Krause*

Name of Officer: Mike Krause

Title of Officer: Executive Director



Subscribed and sworn to before me on: 02-02-17

Notary Public Signature: *Carsina Dickson-Wiley*

My commission expires on: 08-04-20

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.

Herbert H. Slatery III
Herbert H. Slatery III
Attorney General and Reporter

2/10/2017
Date

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PUBLICATIONS

Filed with the Department of State on: 2/13/17

Effective on: 5/14/17

Tre Hargett
Tre Hargett
Secretary of State

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 Chapter 1640-01-09, Ned McWherter Scholars, as proposed 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 ninety (90) days of the filing of the proposed rule with the Secretary of State.

The Ned McWherter Scholars Program is intended to provide an incentive for academically superior Tennessee students to attend a postsecondary education institution in Tennessee, and is payable for up to four academic years for recipients who continue to be qualified. The amount paid by TSAC from the program's endowment and appropriations must be matched on a dollar-for-dollar basis for each awardee by the respective institution the awardee attends.

The revisions to the rules include allowing the student to enroll within sixteen months from high school graduation; clarifies postsecondary accreditation standards; prohibits a participating postsecondary institution from requiring recipients from performing any form of work or service as a condition to receiving the institutional match; changes the renewal postsecondary grade point average (GPA) from 3.2 to 3.0 and provides the student an opportunity to regain the award; revises the appeal process, and provide other technical and clarifying changes throughout the rules.

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

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

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

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

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

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

The proposed rules were drafted to facilitate administration of the program for eligible

postsecondary education institutions.

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

TSAC worked diligently with the postsecondary financial aid community, the Tennessee Higher Education Commission and the colleges and universities that are most directly affected by these proposed rules 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 Ned McWherter Scholars Program to comply with all applicable rules.

7. Barriers or other effects that stifle entrepreneurial activity, curb innovation, or increase costs:

The proposed rules do not contain any foreseeable inhibitors to small business entrepreneurial activities.

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

Economic Impact Statement

1. Types of small businesses directly affected:

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

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

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

3. Probable effect on small businesses:

Not applicable.

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

As these proposed rules do not significantly impact the cost to the 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 Ned McWherter Scholars Program Chapter 1640-01-27, as proposed, 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 Ned McWherter Scholars Program was created to provide an incentive for academically superior Tennessee students to attend a postsecondary education institution in Tennessee, and is payable for up to four academic years for recipients who continue to be qualified. The amount paid by TSAC from the program's endowment and appropriations must be matched on a dollar-for-dollar basis for each awardee by the respective institution the awardee attends.

The revisions to the rules include allowing the student to enroll within sixteen months from high school graduation; clarifies postsecondary accreditation standards; prohibits a participating postsecondary institution from requiring recipients from performing any form of work or service as a condition to receiving the institutional match; changes the renewal postsecondary grade point average (GPA) from 3.2 to 3.0 and provides the student an opportunity to regain the award; revises the appeal process, and provides for other technical and clarifying changes throughout the 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;

T.C.A. 49-4-703 authorizes the Tennessee Student Assistance Corporation (TSAC) to administer the Ned McWherter Scholars Program.

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

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

TSAC, the Tennessee Higher Education Commission (THEC), the University of Tennessee System, the Board of Regents System, the Tennessee Independent Colleges and Universities Association, and the Tennessee Association of Student Financial Aid Administrators are most directly affected by these proposed rules.

These organizations urge the adoption of these 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 these proposed rules.

- (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 shall be no increase or decrease in state and local government revenues and expenditures resulting from the promulgation of these 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
615.532.6065
Peter.Abernathy@tn.gov

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

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

There have been no requests for additional information received to-date.

**RULES OF
TENNESSEE STUDENT ASSISTANCE CORPORATION**

**CHAPTER 1640-01-09
NED MCWHERTER SCHOLARS PROGRAM**

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1640-01-09-.01 SUMMARY AND PURPOSE.

- (1) The State of Tennessee has created an Academic Scholars Program to be administered by the Tennessee Student Assistance Corporation (TSAC) for qualified applicants to attend postsecondary institutions in Tennessee in pursuit of an associate or baccalaureate degree. The scholarship will be awarded to assist in the cost of required tuition, fees, equipment, textbooks, supplies, and if applicable, room and board at the institution. ~~The award initially paid \$4,000~~~~\$6,000 an academic year.~~ The amount of the award shall be determined by the TSAC Board of Directors based on available State funding. The amount paid by ~~the State~~TSAC from the program's endowment and appropriations must be matched on a dollar-for-dollar basis for each awardee by the respective institution the awardee attends. The scholarship is intended to provide an incentive for academically superior Tennessee students to attend a postsecondary education institution in Tennessee, and is payable for up to four academic years for recipients who continue to be qualified.

Authority: T.C.A. §§ 49-4-201, 49-4-203, and 49-4-204. **Administrative History:** Original rule filed April 10, 1986; effective July 14, 1986. Amendment filed May 7, 1991; effective August 28, 1991.

1640-01-09-.02 MINIMUM QUALIFICATIONS OF APPLICANTS.

- (1) To be eligible, an applicant must:
- (a) Have earned a minimum cumulative grade point average in high school, at the end of the seventh semester, of at least 3.5 on a 4.0 scale. ~~(The seventh semester is usually the semester before the semester in which one would graduate.)~~
 - (b) Have attained a composite score on the ACT or the SAT which places the student in the top ~~5%~~five percent of test-takers nationally, such minimum score to be estimated based upon previous year's data and announced annually.
 - (c) Have graduated with a regular diploma ~~no more than one year prior to the time of his/her first application for an award,~~ from a high school in Tennessee which that is approved by the Tennessee State Department of Education, is accredited by the Southern Association of Colleges and Schools, or belongs to an agency whose accreditation process is approved by the State Board of Education. Exceptions to this requirement for graduates of a "home school" as defined in T.C.A. § 49-6-3050 may be granted by the Executive Director of ~~the Tennessee Student Assistance Corporation~~TSAC.

(Rule 1640-01-09-.02, continued)

- (d) Be an applicant for initial admission to college after high school graduation at the time of ~~his/her~~ the student's initial application for the scholarship. The applicant must enroll at an eligible postsecondary institution within ~~46~~sixteen (16) months following graduation from high school. ~~(For the first year of the program, must not have entered college prior to July 1, 1986.)~~
- (e) ~~Be a resident of Tennessee and a citizen or permanent resident of the United States. The applicant's parent(s) or legal guardian must also meet the same residency and citizenship requirements for the applicant to qualify.~~ Be a Tennessee resident, as defined by rules promulgated by the Board of Regents.
- (f) Be a citizen, permanent resident or eligible non-citizen of the United States.
- (fg) Make application to TSAC for the scholarship by established deadlines on TSAC-approved application forms.
- (gh) ~~Cause~~ Request a ~~certified~~ copy of the high school transcript ~~to be sent mailed or emailed to TSAC by the high school from which the applicant graduated, (or upon the applicant's graduation/graduating).~~ If the ~~high school transcript does not contain ACT and/or SAT scores have not previously been provided to TSAC, cause ensure at least one of these scores to be areis sent to TSAC by the testing agency by the established deadline.~~

Authority: T.C.A. §§ 49-4-201, 49-4-203, and 49-4-204. **Administrative History:** Original rule filed April 10, 1986; effective July 14, 1986. Amendment filed February 17, 1988; effective May 29, 1988.

1640-01-09-.03 QUALIFYING PROGRAMS AND INSTITUTIONS OF HIGHER EDUCATION.

- (1) The institution to be attended must be located in Tennessee and be approved by the Tennessee Higher Education Commission (THEC) or accredited by ~~an accrediting agency approved by the Council on Postsecondary Accreditation~~ the Southern Association of Colleges and Schools to award academic associate or ~~higher~~ undergraduate degrees.
- (2) The postsecondary educational institution that the recipient will attend must agree in writing ~~to provide to~~ TSAC to provide the administrative and academic information necessary to administer the program. The institution must also agree in writing to match the endowment portion of the scholarship award on a dollar-for-dollar~~1:1~~ basis. The portion of the scholarship matched by the postsecondary institution must not include a work or service requirement.
- (3) The program entered must lead to an associate or baccalaureate degree.

Authority: T.C.A. §§ 49-4-201, 49-4-203, and 49-4-204. **Administrative History:** Original rule filed April 10, 1986; effective July 14, 1986.

1640-01-09-.04 SCHOLARSHIP AMOUNT, LENGTH, AND INTERVALS OF PAYMENTS.

- (1) ~~The scholarship from the endowment, appropriations, and the institution attended will pay at least \$4,000 per academic year (nine months), except under the conditions cited in .04 (2) below~~ amount of the award shall be determined by the TSAC Board of Directors and published on TSAC's website.
- (2) If the scholarship recipient also receives federal and/or state educational assistance for the

(Rule 1640-01-09-.04, continued)

same award period(s), the total scholarship and federal other aid may not exceed federally stipulated aid maximum the cost of attendance.

- (3) The recipient must attend on a full-time basis in courses which that are creditable toward the recipient's graduation requirements during the time for which he/she the recipient receives the scholarship, as determined by the written policies of the institution attended. At least two semesters of attendance, or the equivalent, of attendance is required each year to remain eligible. (The cost for summer enrollment periods will not be covered by the scholarship.)
- (4) Recipients must achieve at least a 3.0 cumulative grade point average (GPA) each academic year to remain eligible. ~~To remain eligible to receive awards under the program, the recipient must maintain satisfactory progress on a four point scale within the following guidelines:~~
 - (a) ~~After two or more semesters of attendance, all recipients must have achieved at least a 3.2 cumulative grade point average each academic year to remain eligible, and~~
 - (b) ~~freshmen must also not earn less than 2.75 for either semester,~~
 - (c) ~~sophomores, juniors, and seniors must generally have earned 3.0 each semester above the freshman year to remain eligible. However, the Executive Director may grant a waiver for any semester the cumulative grade point average exceeds 3.2 by at least as much as the semester's grade point average failed to meet the requisite 3.0.~~
 - (da) After two semesters, the recipient's cumulative GPA is allowed to be below 3.2 on one occasion. At such time, the recipient will be notified of a one semester probation status. The award will continue during the probation status. At the conclusion of the probation semester, the cumulative GPA must be 3.2 or above to remain eligible. If a student ceases to be eligible for the Ned McWherter Scholars award due to failure to achieve the required cumulative GPA at the end of an academic year, the student may regain the award by maintaining continuous, full-time enrollment at an eligible postsecondary institution and attaining a cumulative GPA of 3.0 or higher. Eligibility shall be reviewed at the end of each academic year following the loss of the award. The student may regain the award one time. A student who subsequently loses the award after regaining eligibility shall be permanently ineligible.
- (5) Recipients in a baccalaureate degree program are eligible for the scholarship for up to eight semesters or twelve quarters. Recipients in an associate degree program are eligible for up to four semesters or six quarters.
- (6) ~~Scholarship payments will be made to the student at the beginning of each term recipients must use the Ned McWherter Scholars award for education-related expenses. Ned McWherter Scholars Awards shall be first applied to tuition and fees, room and board, and the excess, if any, shall be distributed to the recipient provided the student remains eligible according to subsections (3) and (4) above of this rule. If the school participates in Automated Clearing House, the funds will be sent by direct deposit to the school and the school will be directed to deliver disburse the funds to the honoree recipient. At institutions utilizing the quarter system, one-third of the annual award will be paid at the start of the fall, winter, and spring quarters. At semester institutions, one-half of the annual award will be paid at the start of the fall and spring terms.~~

(Rule 1640-01-09-.04, continued)

Authority: T.C.A. §§ 49-4-201, 49-4-203, ~~and 49-4-204~~, and 49-4-209. **Administrative History:** Original rule filed April 10, 1986; effective July 14, 1986. Amendment filed May 7, 1991; effective August 28, 1991. Amendment filed January 29, 1993; effective April 30, 1993. Amendment filed April 2, 1996; effective August 28, 1996. Amendment filed August 6, 2002; effective December 27, 2002.

1640-01-09-.05 APPLICATION AND INITIAL AWARD PROCEDURES.

- (1) By February 15, each applicant shall:
 - (a) ~~students from qualified high schools must~~ submit an applications to TSAC; and
 - (b) ~~have an official~~ Ensure a copy of the applicant's high school transcript that which contains the high school grades through the seventh semester is submitted by the high school to TSAC. ~~The official ACT and/or SAT test score for the applicant must be submitted to TSAC by February 15, also.~~
- (2) Recipients for freshmen awards will be selected by the following criteria:
 - (a) The applicant must meet the minimum standards described in Rule 1640-01-09-.02 hereinbefore.
 - (b) The ACT and/or SAT score, including past scores of each test, the high school grades attained in each course, and the difficulty of the high school program taken will be compared to those of other applicants.
 - (c) Other relevant factors will be considered ~~which~~ that tend to indicate the success the applicant may have in the program and ~~his/her~~ the applicant's future contributions to society. The awards will be made with due regard for broad participation by recipients from across the ~~State~~ state who are representative of various ethnic and racial characteristics and by members of each sex.
- (3) Recipients will be recommended by a ~~four~~ five-person committee chaired and appointed by the Executive Director of THEC / TSAC. The Executive Director of ~~the~~ THEC / TSAC, ~~Tennessee Higher Education Commission~~ or his designee, shall serve on the committee. Other members shall include one representative each of public four-year ~~senior~~ institutions, private four-year ~~senior~~ institutions, and ~~eligible institutions which offer the associate degree as the highest degree~~ community colleges. The selection of these three representatives shall provide for rotation among eligible institutions, according to procedures established by the Executive Director of THEC / TSAC.
- (4) ~~By March 15 of each year,~~ During the spring semester of the high school senior year, TSAC will notify ~~freshmen~~ applicants of their award status. Those who ~~were~~ are notified that they ~~were~~ are tentative awardees will have two weeks from the notification date to notify TSAC ~~in writing~~ that they will accept the award or the award will be forfeited.
- (5) The number of recipients selected for awards in any one year will be determined by the availability of funds for that year.
- (6) ~~The award warrants will be made payable to the recipient, but will be sent to the educational institution for delivery. Before the institution presents the warrant to the recipient, The institution shall ensure that the recipient is enrolled full-time for the period for which the award is given and, after the initial term of enrollment, that the recipient has maintained satisfactory progress in accordance with standards described hereinbefore in Rule 1640-01-~~

(Rule 1640-01-09-.05, continued)

09-.04(4) for the immediately preceding academic term attended by the recipient prior to releasing scholarship funds to the recipient. The electronic certification of these facts shall be forwarded-completed by the school-institution to the TSAC each term of the award year.

- (7) If the deadline under this section occurs on a weekend or holiday, the deadline will be the next business day.

Authority: T.C.A. §§ 49-4-201, 49-4-203, and 49-4-204. **Administrative History:** Original rule filed April 10, 1986; effective July 14, 1986. Amendment filed February 17, 1988; effective May 29, 1988. Amendment filed January 29, 1993; effective April 30, 1993.

1640-01-09-.06 RENEWAL SCHOLARSHIPS.

- (1) Scholarship awards are made to recipients for one year at a time. After the initial application, renewal applications must be submitted each year in order to continue in the program.
- (2) Renewal recipients shall receive first priority for scholarship awards, assuming sufficient funding.
- (3) Scholarships will be continued for recipients who continue to meet Rule 1640-01-09-.02 standards and maintain satisfactory progress in accordance with the standards described hereinbefore in Rule 1640-01-09-.04(4). Upon proper and timely application, such prior recipients will be eligible for a renewal scholarship each year while enrolled in the program until he/she the recipient has received a maximum total of twelve quarters or eight semesters in a baccalaureate degree program or a maximum of six quarters or four semesters in an associate degree program in awards.
- (4) Students participating in the program may transfer to another eligible institution at the end of the academic year. This transfer must be noted on the renewal application. A transfer student retains his or her their eligibility provided all other conditions are met. Recipients completing an associate degree may transfer to a senior-four year institution to pursue a baccalaureate degree.
- (5) Renewal applications, as approved by TSAC, must be submitted by March 1-February 15 that which immediately precedes the year for which the scholarship is sought. Within thirty days thereafter, recipients will be notified in writing of their tentative awards or loss of eligibility. If the deadline occurs on a weekend or holiday, the application deadline will be the next business day.
- (6) All renewal awards are tentative until written confirmation is received by TSAC from the educational institution being attended that the student continues to meet the stipulations in subparagraph (3) above of this Rule after the spring term.

Authority: T.C.A. §§ 49-4-201, 49-4-203, and 49-4-204. **Administrative History:** Original rule filed April 10, 1986; effective July 14, 1986. Amendment filed May 7, 1991; effective August 28, 1991. Amendment filed January 29, 1993; effective April 30, 1993.

1640-01-09-.07 APPEALS PROCEDURES.

- (1) ~~Generally, all rulings of the TSAC's administrator shall apply.~~
- (2) ~~Those who believe that his/her rulings were not according to the published regulations and statutes may appeal to the TSAC Executive Director for relief.~~

(Rule 1640-01-09-.07, continued)

- (31) ~~If the Executive Director does not rule in the favor of the complainant the complainant may request a hearing before the TSAC Appeals Committee. All student appeals must be submitted to the TSAC TELS Appeals Panel. Except where exigent circumstances exist, the TELS Appeals Panel shall render a decision no later than fourteen (14) calendar days after receipt of the appeal. The ruling of the TELS Appeals Panel Committee shall be the last administrative remedy.~~
- (2) The TELS Appeals Panel shall have no authority to make an exception to the high school or collegiate GPA requirements.

Authority: T.C.A. §§ 49-4-201, 49-4-203, and 49-4-204. **Administrative History:** Original rule filed April 10, 1986; effective July 14, 1986.