

Proposed Rules  
Of  
Board of Tuition Guaranty Fund

Chapter 1710-01-02  
Administration of the Tuition Guaranty Fund

Presented herein are proposed amendments of the Tennessee Higher Education Commission submitted pursuant to T.C.A. §4-5-202 in lieu of a rulemaking hearing. It is the intent of the Tennessee Higher Education Commission 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 amendments are published. Such petition to be effective must be filed in Suite 1900 of Parkway Towers located at 404 James Robertson Parkway, Nashville, Tennessee 37243-0830 and in the Department of State, Eighth Floor, Tennessee Tower, William Snodgrass Building, 312 8<sup>th</sup> Avenue North, Nashville, Tennessee 37243, and must be signed by twenty-five (25) persons who will be affected by the rule, or submitted by a municipality which will be affected by the rule, or an association of twenty-five (25) or more members, or any standing committee of the General Assembly.

For a copy of this proposed rule, contact: Teresa Warren, Suite 1900, Parkway Towers, 404 James Robertson Parkway, Nashville, Tennessee 37243-0830, Tennessee Higher Education Commission (615) 741-5293.

The text of the proposed amendments is as follows:

Amendments

Rule 1710-01-02-.02 Purpose is amended by deleting the following language "private postsecondary vocational" and adding the following language in its place "nonexempt postsecondary educational" so that, as amended, the rule shall read:

The purpose of the Board shall be to collect and disburse, on the basis of valid claims, funds assessed and collected from the nonexempt postsecondary educational institutions providing instruction in Tennessee. In addition the Board shall make annual reports on the status of the Tuition Guaranty Fund to the Governor, General Assembly, and participating institutions.

Rule 1710-01-02-.03 Membership is amended by deleting the following language "private vocational education" and adding the following language in its place "postsecondary educational" so that, as amended, the rule shall read:

The members of the Board shall be the Comptroller, the Commissioner of Finance and Administration, the State Treasurer, the Chairman of the Advisory Committee on Postsecondary Education Institutions to the Tennessee Higher Education Commission, a representative of the postsecondary educational industry named by the Chairman of the Commission, and the Executive Director of the Tennessee Higher Education Commission, or their designees, so designated in writing. The State Treasurer, or his designee, shall be chairman.

Paragraph (1) of Rule 1710-01-02-.08 Basis and Procedures For Collection of Fund is amended by deleting the following language "private" and "vocational" so that, as amended, the paragraph shall read:

- (1) All postsecondary educational institutions which provide instruction in Tennessee which are nonexempt under T.C.A. § 49-7-2001 et seq. and its rules or are exempt from related annual reporting requirements on the basis of accreditation as a degree-granting institution shall pay each assessment year into the Tuition Guaranty Fund as required in Tenn. Code. Ann. § 49-7-2018.

Subparagraph (f) of paragraph (3) of Rule 1710-01-02-.08 Basis and Procedures for Collection of Fund is amended by deleting the following language "private postsecondary vocational education" and adding the following language in its place "postsecondary educational" so that, as amended, the subparagraph shall read:

- (3) (f) "Postsecondary educational" institution means an entity which maintains a place of business within Tennessee or solicits business in Tennessee and which offers or maintains a course or courses of instruction or study, or at which place of business such a course or courses of instruction are available through classroom instruction or by correspondence or both, to a person or persons for the primary purpose of training and preparing for a field of endeavor in a business, trade, technical, service or industrial occupation.

Subparagraph (a) of paragraph (4) of Rule 1710-01-02-.08 Basis and Procedures for Collection of Fund is amended by deleting the following language "private postsecondary vocational" and adding the following language in its place "nonexempt postsecondary" so that, as amended, the subparagraph shall read:

- (4) (a) Payment of fees into the Fund by all institutions organized to provide instruction in Tennessee as nonexempt postsecondary educational institutions in accordance with the schedule set forth below shall be made on or before May 15 each year, except payment of the assessment for the 1989 calendar year will be due within sixty (60) days of the effective date of these rules.

Subparagraph (c) of paragraph (4) of Rule 1710-01-02-.08 Basis and Procedures for Collection of Fund is amended by deleting following language "private vocational" and adding the following language in its place "nonexempt postsecondary" so that, as amended, the subparagraph shall read:

- (4) (c) The staff of the Tennessee Higher Education Commission will mail notices to each nonexempt postsecondary educational institution providing instruction in Tennessee between February 1 and February 15 each year. Notices for the 1989 calendar year will be mailed immediately after the effective date of these rules.

Subparagraph (e) of paragraph (4) of Rule 1710-01-02-.08 Basis and Procedures for Collection of Fund is amended by deleting the current language and substituting new language so that, as amended, the subparagraph shall read:

- (4) (e) At such time as the Board, in its discretion, determines that the fund is adequately funded to insure against institutional closure, it may suspend collection of the fee, but may institute it at such time as the fund balance drops below a predetermined minimum balance. For a new nonexempt postsecondary educational institution which begins operation in Tennessee after July 1, 2006, the institution must meet bonding requirements as specified in T.C.A. § 49-7-2013, and pay guaranty fund assessments as specified in T.C.A. § 49-7-2018(d) for at least six (6) years.

Subparagraph (c) of paragraph (1) of Rule 1710-01-02-.09 Basis and Procedures for Disbursement of Fund is amended by deleting the current language in its entirety.

Authority: T.C.A. § 49-7-2018, Public Chapter 766, Acts of 2006.

The proposed rules set out herein were properly filed in the Department of State on the 8th day of August, 2007, and pursuant to the instructions set out above, and in the absence of the filing of an appropriate petition calling for a rulemaking hearing, will become effective on the 28th day of December, 2007. (FS 08-06-07; DBID 2649)