

**Department of State
Division of Publications**

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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
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Revision Type (check all that apply):

- Amendment
 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
1640-01-26	Tennessee Promise Scholarship Program
Rule Number	Rule Title
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1640-01-26.02	Scholarship Award Amounts and Classifications
1640-01-26.03	Application Process
1640-01-26.04	Eligibility – Tennessee Promise Scholarship Program
1640-01-26.05	Eligibility – Early High School Graduation
1640-01-26.06	Personal or Medical Leave of Absence
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New Rules

Chapter 1640-01-26
Tennessee Promise Scholarship Program

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1640-01-26-.01 Definitions.

- (1) Academic Requirement: A requirement of a specified grade point average or satisfactory academic progress that determines the continuing eligibility for postsecondary financial assistance from the Tennessee Promise Scholarship.
- (2) Board of Directors: The board of directors of the Tennessee Student Assistance Corporation.
- (3) Board of Regents: The board of regents of the state university and community college system of Tennessee.
- (4) Certificate or Diploma: The term is defined in T.C.A. § 49-4-902.
- (5) Continuous Enrollment: The term is defined in T.C.A. 49-4-708.
- (6) Cumulative Grade Point Average: The grade point average as calculated by the eligible postsecondary institution.
- (7) Degree: A two-year associate degree conferred on students by an eligible postsecondary institution.
- (8) Eligible High School: The term is defined in T.C.A. § 49-4-902.
- (9) Eligible Postsecondary Institution: The term is defined in T.C.A. § 49-4-708.
- (10) Entering Freshman: A student who enrolls in an eligible postsecondary institution as a participant in the Tennessee Promise Scholarship program in the fall term immediately following high school graduation, completion of a home school program, or attainment of a

GED or HiSET diploma. Exceptions to this enrollment requirement may be made for students enrolled in a TCAT or for personal or medical leaves of absence as outlined in these rules.

- (11) FAFSA: The term is defined in T.C.A. § 49-4-902.
- (12) Full-Time Student: The term is defined in T.C.A. § 49-4-708.
- (13) GED: The term is defined in T.C.A. § 49-4-902.
- (14) Gift Aid: The term is defined in T.C.A. § 49-4-902.
- (15) HiSET: The High School Equivalency Test credential awarded by a state-approved institution or organization.
- (16) Home School Student: The term is defined in T.C.A. § 49-4-708.
- (17) Immediate Family Member: Spouse, parents, children, or siblings.
- (18) Mentor: An individual of at least 21 years of age who is assigned by a Partnering Organization to assist Tennessee Promise Scholarship program participants in the college application and financial aid process. Mentors may serve in a volunteer or employed capacity at the discretion of the Partnering Organization.
- (19) Parent: The parent or legal guardian of a student.
- (20) Partnering Organization: A not-for-profit organization selected by TSAC to administer the Tennessee Promise Scholarship program.
- (21) Resident: A student meeting the definition of "in-state" in Tenn. Comp. R. & Regs. 0240-02-02-.03.
- (22) Satisfactory Academic Progress: Progress in a course of study in accordance with the standards and practices used for Title IV programs by the TCAT at which the student is currently enrolled.
- (23) Semester: The term is defined in T.C.A. § 49-4-902.
- (24) Semester Hour: The credit hour used by a postsecondary institution, if the institution is on a semester system, or its equivalent, if the institution is on a system other than a semester system. "Semester hour" includes each semester hour attempted, whether remedial or for credit toward a degree, but shall not include any semester hour attempted before graduating from high school or earning a GED® or HiSET.
- (25) TCAT: Tennessee College of Applied Technology.
- (26) Tennessee Promise Scholarship: A last-dollar scholarship to be applied to a participating student's tuition and mandatory fees after all other gift aid for which a student is eligible is applied first to tuition and mandatory fees.
- (27) Tennessee Promise Scholarship Program ("Program"): A scholarship program which provides last-dollar financial aid, mentoring, and community service opportunities for Tennessee students upon graduation from high school or home school, or attainment of a GED or HiSET.
- (28) Terminating Event: The occurrence of an event described in T.C.A. § 49-4-708(c)(8).

- (29) Title IV: The term is defined in T.C.A. § 49-4-902.
- (30) TSAC: Tennessee Student Assistance Corporation.
- (31) Tuition and Mandatory Fees: Tuition and mandatory fees required for the enrollment or attendance of a student at an eligible postsecondary institution that are charged to all students, and shall not include fees charged for the Regents Online Degree Program, specific programs of study, books, or supplies even if such fees are considered necessary for enrollment.

Authority: T.C.A. §§ 49-4-201, 49-4-204, 49-4-708, and 49-4-902.

1640-01-26-.02 Scholarship Award Amounts and Classifications.

- (1) The Tennessee Promise Scholarship program is intended to provide financial assistance to offset tuition and mandatory fees associated with pursuing postsecondary education after all other gift aid has been credited to tuition and mandatory fees.
- (2) Award amounts for the program shall be determined in accordance with T.C.A. § 49-4-708 and shall be set in the General Appropriations Act.
- (3) In the event that funds are insufficient to fully fund the Tennessee Promise Scholarship award program, TSAC may reduce the award amount in accordance with these rules.
- (4) Recipients of a Tennessee Promise Scholarship award as provided by these rules must be enrolled and attending full-time in an eligible postsecondary institution.
- (5) Except for approved medical or personal leaves of absence, award recipients must be continuously enrolled and maintain the required grade point average or satisfactory academic progress at an eligible postsecondary institution as provided in Tenn. Comp. R. & Regs. 1640-01-26-.04(1)(e).
- (6) All gift aid from sources other than the Tennessee Promise Scholarship shall be credited first to tuition and mandatory fees to reduce the student's Tennessee Promise Scholarship award. If all other gift aid exceeds tuition and mandatory fees then the student shall not be eligible for the Tennessee Promise Scholarship award, but shall remain eligible for all other services available through the Tennessee Promise Scholarship program, provided the student maintains all academic and non-academic requirements.
- (7) The receipt of a Tennessee Promise Scholarship is contingent upon admission to and enrollment in an eligible postsecondary institution. Qualifying for the Tennessee Promise Scholarship does not guarantee admission to an eligible postsecondary institution.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.03 Application Process.

- (1) Students participating in the Tennessee Promise Scholarship program shall file a FAFSA, or renewal FAFSA, in each year of program participation. The FAFSA must be submitted by mail or electronically as directed in the FAFSA instructions.
- (2) Students enrolled in a community college, public four-year postsecondary institution, or private institution shall file the FAFSA or renewal FAFSA according to the following deadlines:
 - (a) No later than February 15 for fall enrollment, or

- (b) No later than November 1 for spring and summer enrollment.
- (3) Students enrolled in a TCAT shall file the FAFSA or renewal FAFSA according to the following deadlines:
 - (a) No later than February 15 for summer and fall enrollment, or
 - (b) No later than November 1 for spring enrollment.
- (4) Students are required to complete the Tennessee Promise Scholarship award application for the initial year of enrollment no later than November 1 of their senior year of high school. For each successive year of participation students shall submit a renewal application no later than July 1 prior to the successive academic year giving notice to TSAC of their intent to participate in the Tennessee Promise Scholarship program.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.04 Eligibility – Tennessee Promise Scholarship Program.

- (1) To be eligible to receive a Tennessee Promise Scholarship a student shall:
 - (a) Be a Tennessee resident;
 - (b) Graduate from an eligible high school, complete high school as a home school student, or obtain a GED or HiSET diploma, provided that the student obtains a GED or HiSET diploma prior to the student reaching nineteen (19) years of age;
 - (c) Attend full time in an eligible postsecondary institution in the fall term immediately following graduation from an eligible high school or home school, or attainment of the GED or HiSET diploma; except that a student enrolling in a certificate or diploma program at a TCAT may enroll in the summer prior to the fall term;
 - (d) Maintain continuous enrollment as a full-time student at an eligible postsecondary institution unless granted a medical or personal leave of absence;
 - (e) Maintain a minimum cumulative grade point average of 2.0, as determined by the eligible postsecondary institution, at the end of each academic year if enrolled in an associate degree program, or maintain satisfactory academic progress as determined by the TCAT if enrolled in a certificate or diploma program;
 - (f) Comply with United States Selective Service System requirements for registration, if such requirements are applicable to the student;
 - (g) Be in compliance with federal drug-free rules and laws for receiving financial assistance;
 - (h) Not be in default on a federal Title IV educational loan or Tennessee educational loan;
 - (i) Not owe a refund on a federal Title IV student financial aid program or a Tennessee student financial aid program;
 - (j) Not be incarcerated;
 - (k) Prior to initial fall enrollment in a postsecondary institution, attend one mandatory meeting related to financial aid and FAFSA completion, and the college application

process; and a second mandatory meeting related to college orientation. Participants may, but are not required to, attend additional meetings as offered by a Partnering Organization; and

- (l) Complete a minimum of eight (8) hours of community service for each semester while participating in the Tennessee Promise Scholarship program.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.05 Eligibility - Early High School Graduation.

- (1) A student who graduates early from an eligible high school, or completes an eligible home school program or obtains a GED or HiSET diploma prior to the spring semester preceding the initial fall enrollment may immediately enroll in an eligible postsecondary institution. Such student shall not be eligible for the Tennessee Promise Scholarship until the subsequent fall semester, but shall otherwise meet all initial eligibility requirements, and upon receipt of a Tennessee Promise Scholarship meet all continuing eligibility requirements as outlined in these rules.
- (2) Notwithstanding the provisions of this section, a student may be eligible for a Tennessee Promise Scholarship at a TCAT prior to the subsequent fall term if eligible for an exception as provided in these rules.
- (3) During all academic terms in which a student is enrolled in a postsecondary institution prior to the fall term following graduation from an eligible high school, the student shall:
 - (a) Enroll in an eligible postsecondary institution;
 - (b) Attend all mandatory meetings provided by the Partnering Organization;
 - (c) Not be required to participate in community service, except that the student must complete the amount of community service required by Tenn. Comp. R. & Regs. 1640-01-26-.07(1) before the subsequent fall semester; and
 - (d) Have no minimum requirement for credit hours or academic performance.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.06 Personal or Medical Leave of Absence.

- (1) A student may be granted a medical or personal leave of absence from timely enrollment in the initial semester, full-time attendance, or continuous enrollment at an eligible postsecondary institution as long as all other applicable eligibility criteria are met. Allowable medical or personal reasons may include illness of the student; illness or death of an immediate family member; extreme financial hardship of the student or student's immediate family; fulfillment of a religious commitment expected of members of that faith; fulfillment of required military service; the program of study at a TCAT only begins in the spring or summer academic term or openings are unavailable for the fall academic term; or other extraordinary circumstances beyond the student's control where 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 appeal the decision in accordance with these rules.
- (2) A student granted a medical or personal leave of absence who resumes full-time attendance at an eligible postsecondary institution shall retain the Tennessee Promise Scholarship until a

terminating event occurs. However, a leave of absence of six (6) months or less shall not count against the two and one-half years from the date of the student's initial enrollment at an eligible postsecondary institution.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.07 Community Service Program Requirements.

- (1) A student participating in the Tennessee Promise Scholarship program shall perform a minimum of eight (8) hours of community service for each semester the scholarship is received. Service shall be performed prior to the beginning of each academic semester, including the initial fall semester, in which the Promise Scholarship is received.
- (2) The community service shall be approved in advance by the Partnering Organization. Upon completion of the community service, each student shall provide documentation to the Partnering Organization of the community service performed.
- (3) Community Service shall not include:
 - (a) Community service performed prior to the student graduating from high school, completing a home school program, or obtaining a GED or HiSET diploma;
 - (b) Work resulting in payment or remuneration of any kind;
 - (c) Work that results in academic credit by the postsecondary institution; or
 - (d) Work that directly benefits family members.
- (4) Community service may be performed with or under the direction of a faith-based organization, but shall not include religious persuasion or proselytizing.
- (5) Community service in excess of eight (8) hours performed in any semester shall not be carried over into subsequent semesters. Unless the student is on an approved leave of absence, failure to complete the eight (8) hours of community service prior to an academic semester will result in the immediate termination of eligibility for the Tennessee Promise Scholarship.
- (6) A student who knowingly provides false verification of community service shall be ineligible to receive additional benefits under the Tennessee Promise Scholarship program.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.08 Selection of Partnering Organizations.

- (1) To participate in the Tennessee Promise Scholarship program, a Partnering Organization shall be recommended by the mayor or executive of each county in which the Partnering Organization participates and approved by the Board of Directors.
- (2) An approved Partnering Organization may continue to serve in such capacity unless it is no longer recommended by a county mayor or executive or approved by the Board of Directors. Final approval to serve as a Partnering Organization shall be given at the discretion of the Board of Directors and based on the Partnering Organization's satisfactory performance and compliance with these rules.

- (3) A negative recommendation by one county mayor or executive shall not automatically disqualify the Partnering Organization from participating in other counties but will be considered in the Board of Directors' evaluation of the Partnering Organization's continued participation in the Program.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.09 Participating Organization Requirements.

- (1) Partnering Organizations that participate in the Tennessee Promise Scholarship program shall meet the following requirements:
 - (a) Each Partnering Organization shall be established as a not-for-profit organization, except that a postsecondary institution that receives funding under the Tennessee Promise Scholarship program shall not be permitted to participate as a partnering organization.
 - (b) Operate as a college access and success program serving Tennessee residents at an eligible postsecondary institution.
 - (c) Demonstrate annually to TSAC that funding exists within the Partnering Organization's budget to provide all services under the Tennessee Promise Scholarship program for a minimum of one (1) year. No funds under this program shall be provided for the direct or indirect benefit of a Partnering Organization.
 - (d) Adhere to rules promulgated by TSAC for the administration of this program.
 - (e) Provide a mentoring program with a ratio of one (1) volunteer mentor to no more than ten (10) eligible student applications. This ratio shall apply to eligible student applications and may be reduced in proportion to the number of students who drop from participation in the program.

The minimum ratio shall not apply to Partnering Organizations that employ full- or part-time paid mentors or counselors that work directly with students.

- (f) Select volunteer mentors prior to December 1 for the following academic year and provide a minimum of one (1) training meeting for all paid and volunteer mentors prior to January 31. Mentors shall be required to attend one training meeting. This meeting shall cover at least the following topics:
 - 1. Program overview,
 - 2. Appropriate mentor-student relationships,
 - 3. Financial aid,
 - 4. FAFSA completion,
 - 5. College applications and admissions, and
 - 6. Community service requirements.
- (g) Provide a minimum of one (1) meeting for all Tennessee Promise Scholarship program participants prior to March 1 preceding the initial enrollment in an eligible postsecondary institution. This meeting shall provide training, at a minimum, on the following topics:

1. An overview of the Tennessee Promise Scholarship program,
 2. Appropriate relationships with mentors,
 3. Financial aid opportunities,
 4. FAFSA completion, and
 5. The college application process.
- (h) Provide a minimum of one (1) meeting for all Tennessee Promise Scholarship program participants prior to May 31 preceding the initial enrollment in an eligible postsecondary institution. This meeting shall provide training, at a minimum, on topics related to college orientation and making the transition from high school to college.
- (i) Where a student cannot attend either mandatory meeting due to extenuating circumstances, Partnering Organizations shall provide opportunities for the student to receive the training prior to the March 1 and May 31 deadline, or as soon thereafter as practicable.
- (j) Provide a minimum of one (1) mentor contact monthly with each assigned Tennessee Promise Scholarship program participant beginning February 1 of the senior year of high school. Contact shall be maintained throughout the student's participation in the Program.
- (k) To participate in the Tennessee Promise Scholarship program, a Partnering Organization shall organize a local advisory council to serve as an advocate for the Program. The advisory council shall be comprised of a minimum of five (5) members, with at least one (1) member representative from each the local education agency, the county mayor's or executive's office, and a local postsecondary institution. Organizations that have been in existence for a minimum of three (3) years may use existing boards or boards of trustees as the local advisory council if the board or board of trustees is substantially similar to the requirements of this subsection.
- (l) Obtain a certified background check on all mentors prior to service as a mentor. A mentor shall not be eligible to participate in the Tennessee Promise Scholarship program if convicted of any felony or offense listed at T.C.A. §§ 39-13-527, 39-13-532, 39-17-417, and 40-35-501(i)(2). For purposes of this section, "conviction" includes entry of a plea of guilty or nolo contendere or entry of an order granting pre-trial or judicial diversion.
- (m) Submit to audits on a periodic basis as determined by TSAC.
- (n) Enter into a memorandum of understanding with TSAC regarding program requirements and Partnering Organization obligations and provide requested information to TSAC as required in the memorandum of understanding.
- (o) Provide electronic notification to TSAC when Tennessee Promise participants have completed their mentoring, mandatory meetings, and community service requirements.
- (p) Provide performance metrics as outlined in the memorandum of understanding entered into with TSAC.

- (q) Obtain an insurance policy that, at a minimum, limits liability of the Partnering Organization against physical and sexual abuse or misconduct directed toward participants of the Program by its officers, directors, employees, and volunteers.

Authority: T.C.A. §§ 39-13-527, 39-13-532, 39-17-417, 40-35-501, 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.10 Partnering Organizations – Service in Counties.

- (1) A Partnering Organization that agrees to provide Tennessee Promise Scholarship program services in a county shall make the program available to all eligible high school, home school, and GED/HiSET students in that county. The Partnering Organization shall continue to work with students from that county through a terminating event, regardless of which eligible postsecondary institution the student attends.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.11 Terminating Events

- (1) A student shall receive the Tennessee Promise Scholarship until reaching a terminating event.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.12 Tennessee Promise Scholarship Reforms.

- (1) In the event funds are insufficient to fully fund the cost of Tennessee Promise scholarships, TSAC is authorized to take one or more of the following actions:
 - (a) Establish a maximum award amount,
 - (b) Establish additional eligibility criteria for new applicants entering the program,
 - (c) Administer the program on a first-come, first-served basis.
- (2) Any action taken by TSAC as described in subsection (1) shall require approval by TSAC's board of directors and notification shall be provided to the chairs of the Senate and House Education Committees of the Tennessee General Assembly.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.13 Certification of Eligibility.

- (1) TSAC will create a master certification roster of students for each institution. The master list will contain students who have met all requirements for the Tennessee Promise Scholarship.
- (2) The eligible postsecondary institution will be responsible for certifying each student's eligibility for a financial award from the Tennessee Promise Scholarship. The award amount reported to TSAC shall be the amount of tuition and mandatory fees remaining after all other gift aid has first been applied to the student's tuition and mandatory fees.
- (3) Once the eligible postsecondary institution has certified the student's eligibility for a financial award, the certification information shall be electronically transmitted to TSAC.

- (4) TSAC shall process a payment request directly to the eligible postsecondary institution on behalf of all Tennessee Promise Scholarship recipients who are eligible for a financial award. No funds shall be disbursed directly to the Partnering Organizations or to the students.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.14 Evaluation of the Tennessee Promise Scholarship.

- (1) TSAC, along with the Tennessee Higher Education Commission, shall review the Tennessee Promise Scholarship program annually. The review shall include, at a minimum, the number of recipients, total cost of the program, student persistence, hours of community service completed, and scholarship retention. These findings shall be reported to the education committee members of the Senate and House of Representatives of the Tennessee General Assembly.
- (2) TSAC shall convene a meeting of its Special Advisory Committee at least annually to review the effectiveness and best practices of the Tennessee Promise Scholarship program.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.15 Award Made in Error.

- (1) Repayment from the student shall not be required if TSAC determines that the error was through no fault of the student.
- (2) Repayment from the student shall be required if TSAC determines that fraud was committed or the error was due to the fault of the student. When repayment is required, the student may not receive additional student aid from TSAC until repayment is made.
- (3) Repayment from the postsecondary institution will be required if TSAC determines that the error was due to the fault of the postsecondary institution.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.16 Refund Policy.

- (1) If a recipient of a Tennessee Promise Scholarship award fails to complete a semester for any reason, the eligible postsecondary institution shall apply its refund policy to determine whether a refund may be required and funds returned to TSAC. The eligible postsecondary institution shall provide the student with a notice indicating the amount to be returned to the student or the amount to be refunded to TSAC. Additionally, the eligible postsecondary institution shall notify TSAC of the refund, which shall be noted on the student's record. The eligible postsecondary institution shall also be responsible for obtaining repayment from the student. The student shall be ineligible for student aid from TSAC until the refund is paid.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.17 Transfer Students.

- (1) A student who meets all academic and non-academic requirements of the Tennessee Promise Scholarship may transfer from one eligible postsecondary institution to another eligible postsecondary institution and maintain the scholarship, provided the student is able to complete the diploma or associate degree in the amount of time remaining before reaching a terminating event as outlined in T.C.A. § 49-4-708.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-708.

1640-01-26-.18 Appeal and Exception Process.

- (1) Each eligible postsecondary institution shall use their existing Institutional Review Panel (IRP) for purposes of reviewing and rendering decisions regarding appeals for the Tennessee Promise Scholarship program. The IRP shall use the same procedures and timelines as those that currently exist for the review of Tennessee Education Lottery Scholarship (TELS) appeals as outlined in Tenn. Comp. R. & Reg. 1640-01-19.
- (2) TSAC shall use the existing TELS Appeals Panel to consider appeals and render decisions for those students who appeal a decision made by the IRP. The same guidelines shall exist for appeals of the Tennessee Promise Scholarship program as those that are currently in place for TELS as outlined in Tenn. Comp. R & Reg. 1640-01-19.

Authority: T.C.A. §§ 49-4-201, 49-4-204, 49-4-708, and 49-4-924.

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

Board Member	Aye	No	Abstain	Absent
Governor Haslam, by Mr. Mark Cate	X			
Dr. Richard Rhoda	X			
Dr. Claude Pressnell	X			
Mr. David H. Lillard, Jr.	X			
Comptroller Justin P. Wilson	X			
Commissioner Larry Martin	X			
Commissioner Kevin Huffman, by Ms. Emily Carter	X			
Chancellor John Morgan	X			
Dr. Joe Dipietro, by Dr. Katie High	X			
Dr. Betty Sue McGarvey				X
Dr. J. Gary Adcox	X			
Mr. Jeff Gerkin	X			
Ms. Keri McInnis	X			
Dr. LaSimba Gray, Jr.				X
Mr. tom Hughes	X			
Ms. Sydney Jones				X
Mr. Daniel Webb				X

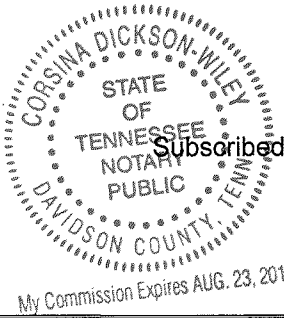
I certify that this is an accurate and complete copy of proposed rules, lawfully promulgated and adopted by the Tennessee Student Assistance Corporation Board of Directors on 06/24/2014, and is in compliance with the provisions of T.C.A. § 4-5-222. The Secretary of State is hereby instructed that, in 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: 6-26-14

Signature: *Richard Rhoda*

Name of Officer: Richard G. Rhoda

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



Subscribed and sworn to before me on: 06-26-2014

Notary Public Signature: *Corsina Dickson-Wiley*

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.
Robert E. Cooper, Jr.
Attorney General and Reporter

8-13-14
Date

Department of State Use Only

Filed with the Department of State on: 8/14/14

Effective on: 11/12/14

Tre Hargett

Tre Hargett
Secretary of State

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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 proposed rules, Chapter 1640-01-26, Tennessee Promise Scholarship Program, 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 Promise Scholarship Program provides an opportunity for all graduating high school seniors, regardless of socioeconomic status or academic performance, to obtain a TCAT certificate, diploma, or associate's degree, free of tuition and fees, by providing students with a last-dollar scholarship, bridging the funding gap for a student after all other financial aid is applied; provides individual guidance to each participant through a statewide network of volunteer mentors; and engages the student by requiring the student to perform a minimum of eight hours of community service for each semester the scholarship is received.

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, Tennessee Board of Regents, and Tennessee Colleges of Applied Technology, University of Tennessee System, and partnering organizations 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 Tennessee Promise Scholarship 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 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 on 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 Promise Scholarship Program Chapter 1640-01-26, as proposed, shall have no projected impact on local governments.

Additional Information Required by Joint Government Operations Committee

- (A)** A brief summary of the rule and a description of all relevant changes in previous regulations effectuated by such rule;

The proposed rule implements 2014 Public Chapter 900, the Tennessee Promise Scholarship Act of 2014, providing an opportunity for all graduating high school seniors, regardless of socioeconomic status or academic performance, to obtain a TCAT certificate, diploma, or associate's degree, free of tuition and fees, by providing students with a last-dollar scholarship, bridging the funding gap for a student after all other financial aid is applied; providing individual guidance to each student through a statewide network of volunteer mentors; and engaging the student by requiring the student to perform a minimum of eight hours of community service for each semester the scholarship is received.

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 Promise Scholarship Act authorized in T.C.A., Title 49, Chapter 4, Part 7 and Title 49, Chapter 4, Part 9 as amended by 2014 Tennessee Public Acts, Chapter 900 (the Act). The Act provides last-dollar scholarship with individual mentoring opportunities for all graduating high school seniors to attend eligible postsecondary institutions.

T.C.A. § 49-4-204 and PC 900 authorized 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;

TSAC, the Tennessee Higher Education Commission, Tennessee Board of Regents, Tennessee Colleges of Applied Technology, University of Tennessee System, partnering organizations, volunteer mentors, and eligible high school and postsecondary students are most directly affected by these 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 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 this rule. The Tennessee Promise Scholarship shall be funded with the Tennessee Promise Scholarship endowment funds.

- (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

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- (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.