

Proposed Rules
of the
Tennessee Student Assistance Corporation

Chapter 1640-01-17
Tennessee Teaching Scholars Program

Presented herein are proposed amendments of the Tennessee Student Assistance Corporation, submitted pursuant to T.C.A. § 4-5-202 in lieu of a rulemaking hearing. It is the intent of the Tennessee Student Assistance Corporation 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 rules are published. Such petition to be effective must be filed with the Tennessee Student Assistance Corporation, Suite 1510, 404 James Robertson Parkway, Nashville, TN 37243-0820, and in the Department of State, 8th Floor, Tennessee Tower, William Snodgrass Building, 312 8th Avenue North, Nashville, TN 37243, and must 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.

For copies of the entire text of the proposed amendments, contact: Thomas R. Bain, Associate Executive Director for Compliance and Legal Affairs, Tennessee Student Assistance Corporation, Suite 1510, 404 James Robertson Parkway, Nashville, TN 37243-0820, 615-253-7476.

The text of the proposed amendments is as follows:

Amendments

In the Table of Contents, 1640-01-17-.07 Precedence of the Act is amended by deleting the current language in its entirety.

Authority: §§ 49-4-201, 49-4-204, and 49-4-212.

Rule 1640-01-17-.01 Introduction is amended by deleting the current language in its entirety and substituting the following language so that as amended the rule shall read:

- (1) These rules implement the Tennessee Teaching Scholars Program authorized by the Tennessee Teaching Scholars Act, T.C.A. § 49-4-212, in Public Chapter 392 of the 1995 Public Acts (hereinafter referred to as the "Act"). The Act provided for a forgivable loan program for exemplary students who desire to enter the teaching force in Tennessee. Participation in the program is limited to college juniors, seniors, and post-baccalaureate candidates admitted to teacher education programs in Tennessee. Persons receiving program awards who become public school teachers in Tennessee shall receive forgiveness of the program award balance based on one (1) year's teaching service for each year an award was made.

- (2) The Tennessee Student Assistance Corporation (TSAC) is assigned to administer the program under the regulations and criteria developed jointly with the State Board of Education (SBE) and the Tennessee Higher Education Commission (THEC). TSAC shall provide the Tennessee Department of Education (TDOE) with rosters of program participants completing teacher education programs including their areas of teaching endorsements. TDOE shall use these rosters for assisting in job placement and in considering waiver requests from local education agencies.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212.

Rule 1640-01-17-.02 General is amended by deleting the current language in its entirety and substituting the following language so that as amended the rule shall read:

- (1) Definitions. As used in these regulations (Chapter 1640-01-17):
- (a) "Academic year" is a period of time, typically nine (9) months, and is composed of two (2) semesters.
 - (b) "Act" is T.C.A. § 49-4-212 as found in Public Chapter 392 of the Public Acts of 1995.
 - (c) "Deferment" is a period of time in which the student's payments may be postponed.
 - (d) "Eligible schools" in which recipients may teach for credit toward their loans are those public schools approved by the State Board of Education for teaching at the prekindergarten, kindergarten, elementary, or secondary level in Tennessee.
 - (e) "Full-time teaching" will be determined on the basis that a minimum of fifty percent (50%) of the recipient's weekly workload is devoted to teaching, exclusive of administrative, counseling or other assigned duties.
 - (f) "Full year of teaching service" shall be two (2) semesters of full-time teaching.
 - (g) "Grace period" is a period of one (1) year that shall begin on the date the student completes his or her plan of study, in which repayment is not required and interest shall accrue on the loan from the date of disbursement.
 - (h) "Letter of Recommendation" is a letter provided by an official of a State-approved teacher education program to which the student has been admitted attesting to the student's commitment to teaching and potential for success as a teacher.
 - (i) "Minority" is a person who is: African American, a person having origins in any of the black racial groups of Africa; Hispanic, a person of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin, regardless of race; Asian American, a person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands; or Native American, a person having origins in any of the original peoples of North America.
 - (j) "Plan of study" is a plan of enrollment not to exceed four (4) academic years (the equivalent of eight (8) semesters) within which the applicant may complete requirements for licensure in an eligible field of study. The plan is transferable among Tennessee higher education institutions provided such transfer is approved by the receiving institution and can be completed within the four-year time period calculated from the date of original award disbursement.
 - (k) "Repayment period" is a period of not more than ten (10) years in which the loan will be repaid and shall begin at the end of the grace period, or when TSAC determines that the recipient has not complied with the requirements of the Act.
 - (l) "Satisfactory progress" is a standard of progress toward completion of the pursued plan of study during which the student maintains at least a 2.75 cumulative grade point average (GPA) on a 4.0 scale or, if required by the teacher education program at the institution attended, a higher cumulative GPA.
 - (m) "Statement of Intent" is a signed statement from a candidate certifying his or her intent to become a teacher in a public school system of Tennessee at the prekindergarten, kindergarten, elementary, or secondary level.
- (2) To be eligible for an award all undergraduate students must attend a Tennessee college or university on a full-time basis as determined by the institution's written policies, excluding

periods of internship/student teaching. During such periods, undergraduate students must be enrolled at least half time, but may be enrolled less than full time if mandated by the written policies of the educational institution. Post-baccalaureate students must attend a Tennessee college or university on at least a half-time basis as determined by the institution's written policies.

- (3) Funds received from this program are considered financial assistance for purposes of determining student aid eligibility under programs authorized by Title IV of the Higher Education Act of 1965, as amended.
- (4) All such loans shall be evidenced by notes payable to TSAC.
- (5) Any applications received or approved shall be subject to the availability of funds.
- (6) Applications must be submitted on TSAC-approved forms by April 15, which immediately precedes the academic year for which the student is applying. The April 15 cut-off date may be extended by the TSAC Executive Director should it be determined necessary for the purpose of utilizing all available funds.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212.

Rule 1640-01-17-.03 Eligibility is amended by deleting the language in its entirety and substituting the following language so that as amended the rule shall read:

- (1) The successful applicant must meet all the following criteria:
 - (a) Be a citizen of the United States.
 - (b) Be a resident of Tennessee.
 - (c) Be admitted to a State-approved teacher education program at an accredited institution of higher education in Tennessee.
 - (d) Not be a licensed teacher, and not be employed or previously employed in a teaching position.
 - (e) Submit to TSAC a signed Statement of Intent to teach full time one year for each year an award is received in a Tennessee public prekindergarten, kindergarten, elementary, or secondary school.
 - (f) Submit to TSAC a Letter of Recommendation from an official of a State-approved teacher education program to which the student has been admitted.
 - (g) Not accept any financial aid that carries with it a conflicting service obligation. For the purposes of this program, participation in the Minority Teaching Fellows Program shall be considered as accepting aid that carries a conflicting service obligation.
 - (h) Submit a completed application to TSAC by the established deadline on a TSAC-approved application.
 - (i) Submit to TSAC copies of all official college transcripts and the most recent test scores.
 - (j) Agree to inform TSAC in writing when any significant change in his or her status occurs and provide documentation to support it. This shall include, but is not limited to changes

in name, address, and enrollment. After obtaining teacher licensure, the recipient shall also inform TSAC when he or she has obtained a teaching position, changed teaching assignments, or terminated teaching service.

- (k) Shall not owe a refund or repayment on any grant, and is not in default on any loan, received at any postsecondary institution, under the provisions of Title IV of the Higher Education Act of 1965, as amended.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212.

Rule 1640-01-17-.04 Method of Selection is amended by deleting the current language in its entirety and substituting the following language so that as amended the rule shall read:

- (1) Each year that funds are available, preliminary ratings of applications will be made by the TSAC staff based upon established criteria and rankings established by the Selection Committee, composed of representatives of the SBE, the TDOE, THEC, a member of the Tennessee Association of Student Financial Aid Administrators (TASFAA) from a postsecondary institution, and the Executive Director of TSAC or his or her designee. The Selection Committee will then review the top rated candidates to determine the final selections.
- (2) The following priority groups have been established for this program:
 - (a) First priority shall be given to renewal applicants who have maintained a cumulative GPA of at least 2.75 on a 4.0 scale, or higher if required by the teacher education program at the student's institution of higher education.
 - (b) Second priority shall be given to non-teachers holding a bachelor's degree or higher who pledge to become teachers and who have at least a 2.75 cumulative GPA on a 4.0 scale for the highest degree attained, or a cumulative GPA of at least 2.75 on a 4.0 scale for graduate level studies provided they have completed at least twelve (12) semester hours or the equivalent at the graduate level. A higher GPA may be required if mandated by the teacher education program at the student's institution of higher education.
 - (c) Third priority shall be given to college juniors and seniors who possess a college cumulative GPA of at least 2.75, or higher if required by the teacher education program at the student's institution of higher education.
- (3) Until all qualified applicants from the higher priority group(s) who have submitted their applications by the deadline have been offered the loan, no applicants from a lower group may be considered for selection.
- (4) The ranking of applicants must consider grade point average, minority status, and teacher shortages in subject areas. It may also include standardized test scores, evidence of commitment (experiences that would indicate an interest in teaching), and other such factors that shall be identified as relevant to meeting the goals and interests of the Act.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212.

Rule 1640-01-17-.05 Loan Amount and Terms 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 loans shall be evidenced by notes payable to TSAC. The maximum award available to any student shall be established by the Board of Directors of TSAC. If the recipient receives other educational assistance for the same period(s), the total assistance including this award is limited to the recipient's cost of attendance, as determined by the college financial aid office.

- (a) For less than full-time study (twelve (12) semester hours), for undergraduate students in their final semester the amount of the award for one (1) academic year shall be determined based upon the following per term class load:
 - 1. 6-8 credit hours - 50% of the academic year amount
 - 2. 9-11 credit hours - 75% of the academic year amount
 - (b) For graduate students attending less than full-time, as determined by the institution, the amount of the award for one (1) academic year shall be determined based upon the following per term class load:
 - 1. half-time – 50% of the academic year amount
 - 2. greater than half-time, but less than full time – 75% of the academic year amount
- (2) Funds will be sent by warrant or Automated Clearing House (ACH) one (1) term at a time to the financial institution's financial aid office or business office in the recipient's name. If the institution participates in ACH, the funds will be sent by direct deposit to the institution and the institution will be directed to deliver the funds to the recipient. Prior to disbursing the warrant or ACH to the student, the institution shall ensure that the recipient is enrolled in a teacher education program for the number of hours for which the warrant or ACH is issued for the appropriate academic term, and is making satisfactory progress in accordance with the Act.
- (3) The awards may be transferred from one eligible institution of higher education to another provided that a TSAC-approved transfer form is submitted to TSAC.
- (4) Cancellation
 - (a) For each year of full-time teaching service at an eligible school, as defined in these regulations, the recipient shall receive cancellation credit of one (1) academic year's award (the equivalent of two (2) semesters) toward repayment of the loan. If a recipient teaches in an eligible school that is high priority or on warning status as designated by the Tennessee Department of Education or the SBE, the recipient's obligation will be canceled at a rate of one and one third (1 1/3) of the total annual award.
 - (b) Fractions of a year may be credited in one (1) semester or one-half (1/2) year increments toward cancellation for recipients who begin or end full-time teaching in the middle of an academic year in a Tennessee public school. At the end of such period, cancellation credit will be applied upon receipt of verification of the completion of such service.
 - (c) A grace period of one (1) year will be granted to allow the recipient the opportunity to secure employment to begin cancellation credit. When a recipient has obtained a full-time teaching position at an eligible school, some or all of the grace period may be waived at his or her written request.
 - (d) Recipients in teaching positions that qualify them for cancellation credit must notify TSAC of that teaching status. Individuals whom TSAC has determined to be in a full-time teaching position at an eligible school shall be granted a postponement on repayment to allow them the opportunity to complete a full year of teaching. At the end of such period, cancellation credit will be applied upon receipt of the verification of such service.

- (e) The debt shall be canceled in case of the death of the recipient upon documentation deemed acceptable by TSAC.
 - (f) If a recipient is determined to be totally and permanently disabled under the standards established by T.C.A., Title 8, Chapter 36, Part 5, for determining disability for members of the Tennessee Consolidated Retirement System, the outstanding debt shall be canceled. A recipient is not considered totally and permanently disabled on the basis of a condition that existed prior to his or her application unless the recipient's condition has substantially deteriorated since he or she submitted the application. If at any time subsequent to an initial determination of disability the recipient's condition improves to the point where a total and permanent disability no longer exists, TSAC may reinstate any outstanding debt previously canceled.
- (5) Repayment
- (a) The loan must be repaid should the recipient choose not to honor the terms and conditions of the loan agreement. Repayment will include the full amount of the loan funds received plus interest accrued from the date of each disbursement of the loan, and shall be based upon a nine percent (9%) per annum interest rate calculated from the date of original award. Repayment may be in whole or in monthly installments of at least one hundred dollars (\$100) over a period of not more than ten (10) years from the end of the grace period. Payments of less than the amount required to amortize the loan within ten (10) years may be made only if the recipient documents to TSAC's satisfaction his or her inability to make payments of that amount. All interest shall be based upon the unpaid balance of the loan. The accrued interest may be capitalized.
 - (b) Repayment for recipients who complete the plan of study shall begin upon demand by TSAC, or in the first month following the end of the grace period. Interest shall begin to accrue on the date of disbursement.
 - (c) Repayment for recipients who fail to complete the plan of study shall begin in the first month after TSAC has determined that the student is no longer enrolled in a teacher education program or other failure to comply with the terms of the agreement. Interest shall begin to accrue on the date of disbursement. If a borrower issues a check, draft, warrant or electronic funds transfer, which is subsequently returned to TSAC for reason of insufficient funds, a stop payment order by the issuer, or any other reason, the payment to which these funds was applied shall be reversed on the borrower's account and interest shall continue to accrue from the date of the last valid payment.
 - (d) Repayment of principal and interest will be prorated to reflect the portion of the teaching obligation not completed. Such repayment shall begin upon demand by TSAC, or in the first month following termination of the creditable teaching service. Repayment of the non-canceled portion of the loan may be made in whole or in monthly installments over the ten (10) year repayment period. All interest shall be based upon the unpaid balance of the loan. Accrued interest may be capitalized.
- (6) Repayment of principal may be deferred, but interest shall accrue, during any period while the recipient is enrolled at least half time at an accredited institution of higher learning. The recipient may also be eligible for deferment during any period he or she is enrolled part time in a State-approved teacher education program at a Tennessee institution of higher education, and is making satisfactory progress toward teacher licensure in accordance with the institution's written policy, or in other extenuating circumstances as determined by the Executive Director of TSAC. To be eligible for deferment the recipient must request a deferment in writing and complete a TSAC-approved deferment form on a semi-annual basis.

- (7) Deferments must be verified on a semi-annual basis and supporting documentation shall be provided to TSAC if requested. A student may be granted a deferment based on one or more of the following reasons:
- (a) "Enrollment not seeking a teaching certificate" in which the student is still enrolled in an accredited institution but is no longer seeking a teaching licensure, and shall not exceed three (3) years.
 - (b) "Enrollment seeking a teaching certificate" in which the student has not yet completed the requirements for a teaching licensure and is still enrolled at least half-time at an accredited postsecondary institution and is making satisfactory progress toward a teacher licensure and shall not exceed four (4) years.
 - (c) "Hardship" is a period of time the student is not able to make payments and shall not exceed two (2) years.
 - (d) "Military duty" in which a student has been called into active duty and shall not exceed the time of deployment.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212.

Rule 1640-01-17-.06 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) TSAC shall provide written notice to a student of an adverse decision relative to a student's application for scholarship or scholarship award. A student who disagrees with such decision and wants the decision reviewed must request a review of the decision in writing. The student's request for review must be received by TSAC within ten (10) business days of the date of the written notice provided by TSAC. Such request shall include a statement of the reason or reasons for the request for review and all information supporting the student's position regarding the decision.
- (2) Review of the TSAC decision shall be made by the TSAC Associate Executive Director for Grants and Scholarships, who shall issue a written decision to the student. A student who disagrees with such decision and wants the decision reviewed must request a further review of that decision in writing. The student's request for review must be received by TSAC within ten (10) business days of the date of the decision. Such request shall include a statement of the reason or reasons for request for review and all relevant supporting information.
- (3) Review of the decision of the TSAC Associate Executive Director for Grants and Scholarships shall be made by the TSAC Executive Director, who shall issue a written decision to the student. A student who disagrees with such decision and wants the decision reviewed must request a further review of that decision in writing. The student's request for review must be received by TSAC within ten (10) business days of the date of the decision. Such request shall include a statement of the reason or reasons for request for review and all relevant supporting information.
- (4) Review of the decision of the TSAC Executive Director shall be made by the TSAC Appeals Committee, who shall issue a written decision to the student. The decision of the TSAC Appeals Committee is the final administrative remedy. There shall be no right to judicial review of a decision of the TSAC Appeals Committee.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212.

Repeals

Rule 1640-01-17-.07 Precedence of the Act is repealed.

Authority: T.C.A. §§ 49-4-201, 49-4-204, and 49-4-212

The proposed rules set out herein were properly filed in the Department of State on the 6th day of December, 2007, and pursuant to the instructions set out above, and the absence of the filing of an appropriate petition calling for a rulemaking hearing, will become effective on the 29th day of April, 2008. (FS 12-07-07; DBID 2776 through 2777)

**REGULATORY FLEXIBILITY ACT OF 2007, PUBLIC CHAPTER 464
ECONOMIC IMPACT STATEMENT**

**TENNESSEE STUDENT ASSISTANCE CORPORATION
CHAPTER 1640-01-17 – TENNESSEE TEACHING SCHOLARS PROGRAM**

Public Chapter 464 of the 2007 Tennessee Public Acts, effective June 21, 2007 requires that prior to initiating the rulemaking process pursuant to Tenn. Code Ann. §§ 4-5-202(a)(3) and 4-5-202(a), all boards and commissions shall review all proposed rules and the impact that the proposed rule has on small businesses. The public chapter 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.

This economic impact 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.

DESCRIPTION OF PROPOSED RULE

The Tennessee Student Assistance Corporation intends to file proposed rules pursuant to T.C.A. § 4-5-202 in lieu of a rulemaking hearing to amend the current rules of Chapter 1640-01-17 Tennessee Teaching Scholars Program (TTSP). 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.

These rules are being promulgated as proposed rules to effectuate changes that TSAC staff considered necessary to clarify certain language in the rules, produce greater uniformity between the TTSP rules and the Minority Teaching Fellow Program and facilitate administration by postsecondary institutions and by TSAC. Substantive changes were made to reflect minor policy and procedure changes, which include: applicant selection prioritization was reordered to ensure a higher retention rate and decrease the number of loan defaults; the repayment period was changed from eight years to ten years; and the appeals procedures were changed with the assistance of the Attorney General's Office to clarify the process by which students

may appeal adverse decisions relative to their scholarship applications or awards.

ECONOMIC IMPACT STATEMENT

1. Types of small businesses directly affected:

Independent postsecondary education institutions that employ fifty (50) or fewer full-time employees that have students in attendance receiving a TTSP fellowship award.

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:

The proposed changes to the rules were drafted to facilitate administration of the program for all secondary and postsecondary education institutions and should have a positive effect on the independent postsecondary institutions employing fifty (50) or fewer full-time employees.

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

As these proposed changes present no foreseeable cost to small businesses, 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.