

TENNESSEE STUDENT ASSISTANCE CORPORATION - 1640

STATEMENT OF NECESSITY REQUIRING PUBLIC NECESSITY RULES

The Tennessee Student Assistance Corporation (“TSAC”) makes this statement pursuant to Tenn. Code Ann. §4-5-209(a)(4). TSAC hereby promulgates the following public necessity rules to implement the Tennessee Graduate Nursing Loan Forgiveness Program (“Program”) which provides for loan forgiveness assistance to certain candidates for master’s and post-master’s degrees in nursing education. 2006 Tenn. Pub. Acts ch. 882, §1. The Program requires that, after completion of the program of study, candidates be employed as a teacher or as an administrator in an eligible Tennessee nursing education program.

The General Assembly also required that the Program be available for participants beginning July 1, 2006. 2006 Tenn. Pub. Acts ch. 882, §1. To insure compliance with this requirement, TSAC is therefore required to implement these rules within a prescribed period of time that precludes utilization of other rulemaking procedures for the promulgation of permanent rules.

For a copy of the entire text of the public necessity rules, 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.

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**PUBLIC NECESSITY RULES
OF THE
TENNESSEE STUDENT ASSISTANCE CORPORATION**

CHAPTER 1640-1-3

TENNESSEE GRADUATE NURSING LOAN FORGIVENESS PROGRAM

THE TEXT OF THE PROPOSED RULES IS AS FOLLOWS:

NEW RULES

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1640-1-3-.01 INTRODUCTION.

- (1) These rules implement the Tennessee Graduate Nursing Loan Forgiveness Program authorized in T.C.A. Section 49-4-702 in 2006 Public Acts, Chapter 882 (hereinafter called the Act). The Act makes provision for loans and loan forgiveness to certain candidates for master's and post-master's degrees in nursing education. Loan forgiveness requires employment as a teacher or administrator in a Tennessee nursing education program at an eligible postsecondary institution upon completion of the program of study.
- (2) While the Act refers to the program as a "loan-scholarship," the Corporation interprets the Act as establishing a loan forgiveness program because the Act requires the recipient to sign a promissory note that stipulates a repayment obligation. In order to avoid confusion, the working title of the program shall be the "Tennessee Graduate Nursing Loan Forgiveness Program."

Authority: *T.C.A. §49-4-201 and 2006 Tenn. Pub. Acts ch. 882.*

1640-1-3-.02 DEFINITIONS.

- (1) As used in these rules (Chapter 1640-1-3)
 - (a) "Corporation" means the Tennessee Student Assistance Corporation.
 - (b) "Cost of Attendance" means the combined cost of tuition, mandatory fees, room and board, books, and other educational expenses as determined by the financial aid office of the eligible postsecondary institution.
 - (c) "Eligible Postsecondary Institution" means (1) a Tennessee institution that is operated by the Tennessee Board of Regents of the state university and community college system, or (2) an institution in the University of Tennessee system, or (3) a Tennessee private postsecondary institution that is accredited by the Southern Association of Colleges and Schools (SACS), or (4) an out-of-state institution that is accredited by a regional accrediting association and which uses distance education to deliver instruction to a graduate nursing loan recipient residing in the state of Tennessee.
 - (d) "Eligible Academic Program" means a graduate program accredited by the National League for Nursing Accrediting Commission (NLNAC) and/or by the Commission on Collegiate Nursing Education (CCNE) and approved by the Tennessee Board of Nursing which leads to a master's or post-master's degree in a field of study which will qualify the graduate to become a teacher or administrator in a college or university nursing education program.
 - (e) "Full-time enrollment" means a student enrolling in at least the minimum number of credit hours per term necessary to be considered a full-time student, as defined by the eligible postsecondary institution.
 - (f) "Graduate Nursing Loan" means the loan-scholarship referenced in T.C.A. Section 49-4-702 in 2006 Tennessee Public Acts, Chapter 882.
 - (g) "Grace period" means the three (3) month period of time which begins when the borrower either completes his/her eligible academic program or no longer meets graduate nursing loan eligibility requirements, and during which period of time interest does not accrue and repayment is not required.
 - (h) "Loan forgiveness" means the partial or complete cancellation of a graduate nursing loan, as described elsewhere in these rules.

- (i) "Part-time enrollment" means a student enrolling in fewer credit hours per term than the number necessary to be considered a full-time student, as defined by the eligible postsecondary institution.
- (j) "Program Administrator" means the staff member of the Corporation who has been assigned administrative responsibility for the graduate nursing loan forgiveness program by the Corporation's Executive Director.
- (k) "Regional Accrediting Association" means approved accrediting agencies as follows: the Middle States Association of Colleges and Schools, the New England Association of Schools and Colleges; the North Central Association of Colleges and Schools, the Northwestern Association of Schools and Colleges, the Southern Association of College and Schools, and the Western Association of Schools and Colleges.
- (l) "Satisfactory Academic Progress" means a standard of progress toward completion of the eligible academic program during which the student meets minimum academic requirements and progresses towards a degree as required by the nursing education program at the eligible postsecondary institution attended.
- (m) "Year of continuous full-time employment" means 9 to 12 months of continuous employment considered by the employer to be full time.
- (n) "Year of continuous part-time employment" means 9 to 12 months of continuous employment considered by the employer to be at least half time but less than full time.
- (o) "Priority Date" means March 1 prior to the intended academic year of attendance, or such other date as the Corporation may require.

Authority: T.C.A. §49-4-201 and 2006 Tenn. Pub. Acts ch. 882.

1640-1-3-.03 ELIGIBILITY.

- (1) In order to receive a graduate nursing loan a student must:
 - (a) be a citizen of the United States; and
 - (b) be a resident of Tennessee, as defined by regulations promulgated by the Tennessee Board of Regents for the state university and community college system, under the authority of §49-8-104 where applicable; and
 - (c) hold an unencumbered Tennessee Registered Nurse License; and
 - (d) be enrolled either part time or full time in an eligible academic program at an eligible postsecondary institution; and
 - (e) provide written evidence of the student's intention to become employed full time or part time in a Tennessee nursing education program in a teaching or administrative capacity; and
 - (f) maintain satisfactory academic progress; and
 - (g) not be in default on a federal Title IV educational loan or a Tennessee educational loan; and

- (h) not owe a refund on a federal Title IV student financial aid program or a Tennessee student financial aid program; and
 - (i) sign a promissory note before receiving any funds.
- (2) Eligibility is limited to four (4) years of full-time enrollment, or the equivalent part-time enrollment, with one (1) year of full-time enrollment equaling two (2) years of part-time enrollment.
 - (3) In certain circumstances, a student may receive more than one graduate nursing loan. A borrower who received a (first) graduate nursing loan while earning a master's degree may apply for a (second) graduate nursing loan in a post-master's program. If the application for the second loan is successful, repayment of the first loan is deferred until the recipient enters repayment on the second loan, at which time repayment of both loans is expected. A borrower who is employed while receiving a second graduate nursing loan may apply that employment towards cancellation of the first graduate nursing loan provided that the cancellation requirements described elsewhere in these rules are met.
 - (4) Eligibility is subject to the availability of funds.

Authority: T.C.A. §49-4-201 and 2006 Tenn. Pub. Acts ch. 882.

1640-1-3-.04 AWARD AMOUNT.

- (1) The maximum amount of the graduate nursing loan shall be seven thousand dollars (\$7,000) per year during periods of full-time enrollment and three thousand five hundred dollars (\$3,500) per year during periods of part-time enrollment, or such other amounts as may be established by the Corporation, and shall in no case exceed the student's cost of attendance. Awards are divided equally in disbursements of two (2) semesters or (3) quarter payments.
- (2) The Corporation shall disburse the graduate nursing loan funds directly to eligible postsecondary institutions, which shall in turn credit the borrower's account or disburse funds to the eligible borrower with one (1) credit or payment at the beginning of each academic term attended.

Authority: T.C.A. §49-4-201 and 2006 Tenn. Pub. Acts ch. 882.

1640-1-3-.05 APPLICATION PROCESS.

- (1) The student must apply to the Corporation for the graduate nursing loan by the established priority application date as required by the Corporation.
- (2) First priority shall be given to renewal applications received by the priority application date.
- (3) Second priority shall be given to applicants who provide evidence satisfactory to the Corporation that they expect to enter a full-time teaching position in a Tennessee nursing education program immediately upon completion of their master's or post-master's degree program and who apply by the priority application date.
- (4) Third priority shall be given to applicants who provide evidence satisfactory to the Corporation that they expect to enter a part-time teaching position in a Tennessee nursing education program immediately upon completion of their master's or post-master's degree program and who apply by the priority application date.

- (5) Fourth priority will be given to applicants who provide evidence satisfactory to the Corporation that they expect to enter a full-time administrative position in a Tennessee nursing education program immediately upon completion of their master's or post-master's degree program and who apply by the priority application date.
- (6) Fifth priority will be given to applicants who provide evidence satisfactory to the Corporation that they expect to enter a part-time administrative position in a Tennessee nursing education program immediately upon completion of their master's or post-master's degree program and who apply by the priority application date.
- (7) Sixth priority shall be given to applications received after the priority application date. Applications will be awarded based on the date of receipt.
- (8) Applicants shall be grouped according to the priority assigned to their application. Should available funds be exhausted before all eligible applicants have received an award, applicants in the lowest priority grouping for which funds are available shall be distinguished by the date of receipt of their application by the Corporation and awards shall be made to those applicants with the earliest dates of receipt until all available funds are expended.

Authority: T.C.A. §49-4-201 and 2006 Tenn. Pub. Acts ch. 882.

1640-1-3-.06 INTEREST.

- (1) Interest shall accrue at the rate of nine percent (9%) per year or such other rate as shall be established by the Corporation, starting at the end of the grace period. All interest shall be based upon the unpaid balance of the loan. The accrued interest may be capitalized.

Authority: T.C.A. §49-4-201 and 2006 Tenn. Pub. Acts ch. 882.

1640-1-3-.07 REPAYMENT.

- (1) The graduate nursing loan must be repaid unless cancelled as described elsewhere in these rules. Repayment will include the full amount of the graduate nursing loan received plus interest.
- (2) Repayment shall begin at the end of the grace period, and shall be in monthly installments over a period of no more than eight (8) years, provided that payments must be a minimum of one hundred dollars (\$100) per month.
- (3) The graduate nursing loan may be prepaid in whole or part at any time without penalty.
- (4) If the borrower of a graduate nursing loan is determined to have received the award based on inaccurate application information, the full amount of the loan and accrued interest shall become due immediately.
- (5) If the borrower fails to complete an enrollment period for any reason, the postsecondary institution must determine if any of the graduate nursing loan should be returned to the Corporation. The postsecondary institution should use its own institutional refund policy to calculate the refund amount. If the student withdraws after the refund period is over, the postsecondary institution must follow the Return of Title IV guidelines, if applicable, to calculate any return of the graduate nursing loan.
- (6) If a borrower issues a check, draft, warrant, or electronic funds transfer, which is subsequently returned to the Corporation due to 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. Additionally, the Corporation may charge a reasonable service fee for such a transaction.

Authority: *T.C.A. §49-4-201 and 2006 Tenn. Pub. Acts ch. 882.*

1640-1-3-.08 DEFERMENT.

- (1) Repayment shall be deferred, but interest shall continue to accrue, while the borrower is employed in a Tennessee nursing education program in a teaching or administrative capacity.
- (2) Repayment shall be deferred, but interest shall continue to accrue, while the student is seeking the post-master's degree after first receiving the loan to obtain the master's degree.
- (3) In order for repayment to be deferred, borrowers shall provide employment verification as required by the Corporation.

Authority: *T.C.A. §49-4-201 and 2006 Tenn. Pub. Acts ch. 882.*

1640-1-3-.09 CANCELLATION/FORGIVENESS.

- (1) For each year of continuous full-time employment in a Tennessee nursing education program in a teaching or administrative capacity, the borrower shall receive a credit of twenty-five percent (25%) of the amount borrowed, plus accrued interest on that portion of the debt cancelled. Cancellation credit will be applied at the end of each year and upon receipt of verification of such service.
- (2) For each year of continuous part-time employment in a Tennessee nursing education program in a teaching or administrative capacity, the borrower shall receive a credit of twelve and one-half percent (12.5%) of the amount borrowed, plus accrued interest on that portion of the debt cancelled.
- (3) In order to receive cancellation credit, the borrower shall provide employment verification as required by the Corporation.
- (4) Cancellation credit shall not begin until the borrower completes the program of study for which the graduate nursing loan was provided.
- (5) The debt shall be cancelled on the basis of conclusive evidence that the borrower has died or has been totally and permanently disabled and cannot perform the teaching obligation outlined in the regulations. The borrower is not considered totally and permanently disabled on the basis of a condition that existed prior to the loan application. If, at any time subsequent to an initial determination of disability, the borrower's condition improves to the point where a total and permanent disability no longer exists, the Corporation may reinstate any outstanding debt previously cancelled.

Authority: *T.C.A. §49-4-201 and 2006 Tenn. Pub. Acts ch. 882.*

1640-1-3-.10 LEAVE OF ABSENCE.

- (1) Unless a leave of absence is granted, terms of enrollment must be continuous (other than the summer term), and a period of non-attendance (other than the summer term) will cause a recipient to enter repayment with no opportunity to regain eligibility.

- (2) A student may be granted medical or personal leave of absence from attendance at an eligible postsecondary institution and resume receiving the nursing loan upon resumption of the student's attendance at an eligible postsecondary institution so long as all other applicable eligibility criteria are met. An eligible postsecondary institution may grant leaves of absence only for medical or personal reasons. Allowable medical or personal reasons shall include, but not be limited to: illness of the student, illness or death of an immediate family member, extreme financial hardship of the student or student's immediate family, a military obligation of the student or family member, an obligation to fulfill a religious commitment expected of all individuals of that faith, or other extraordinary circumstances beyond the student's control where continued 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 seek relief from the decision in accordance with Rule 1640-1-3-.11.

Authority: *T.C.A. §49-4-201 and 2006 Tenn. Pub. Acts ch. 882.*

1640-1-3-.11 APPEALS PROCEDURE.

- (1) Generally, the ruling of the Corporation's program administrator shall apply.
- (2) An individual who believes that the ruling of the program administrator was not in accordance with the published regulations and the Act may appeal to the authority of the Corporation's Appeals Panel for relief.
- (3) An individual who believes that the ruling of the Corporation's Appeal Panel was not in accordance with the published regulations and the Act may appeal to the authority of the Corporation's Board of Directors Appeal Committee. This is the final administrative appeal.

Authority: *T.C.A. §49-4-201 and 2006 Tenn. Pub. Acts ch. 882.*

REPEALS

Chapter 1640-1-3 Graduate Nursing Loan-Scholarship Program is repealed in its entirety.

Authority: *T.C.A. §49-4-201 and 2006 Tenn. Pub. Acts ch. 882.*

The public necessity rules set out herein were properly filed in the Department of State on the 11th day of December, 2006, and will be effective from the date of filing for a period of 165 days. These public necessity rules will remain in effect through the 25th day of May, 2006. (12-13-06)