

# 105<sup>th</sup> Tennessee General Assembly

## Second Session Wrap-Up

---

May 21, 2008

### General Assembly Agrees on Changes to the Lottery Scholarship

In the final days of the Session the House and Senate agreed on a compromise to the bill making changes to the Tennessee Education Lottery Scholarship programs. The final version exhausts the full amount of available projected funds from the lottery revenue. Consequently, it is anticipated that this will be the final year for major changes unless there is a change in the revenue or a reduction in the current programs. The following is a summary list of the key changes:

- Changes the renewing GPA requirements to 2.75 until the 48 hour benchmark. Students must then attain a cumulative 3.0 GPA by the 72 hour benchmark, however, for those students with cumulative GPAs between 2.75 and 2.99 they may retain the scholarship provided they achieve a 3.0 during the semester they cross the 72 hour benchmark and every semester thereafter. Recall, that a student still may regain the scholarship once during their undergraduate career. Intent language was added to the bill that would take any future additional funds to apply the 2.75 requirement to all benchmarks.
- Removes the 120 hour limit on receiving the TELS and replaces it with a 5 year equivalent.
- Changes eligibility for non-traditional students by not counting previous work against them provided that it was not attained within the previous 24 months and allows them to become eligible for HOPE after completing 12 hours instead of 24 hours.
- Fixes the definition of “aid” for the Foster Care provision to NOT include work or loan aid.
- Allows students attending two year residential campuses to receive the four year grant amount.
- Provides additional scholarship aid for veterans of the Afghan and Iraqi conflicts. This provision is entitled the “Helping Heroes Act.”
- Provides additional scholarship aid for students in certain health related fields who will commit to serving in a rural underserved area through the “Rural Health Act of 2008.”
- Provides \$90 million for the K-12 Energy Efficiency Schools Initiative from the lottery reserve account.

## **TSAA Improvement Survives**

Instead of adopting the proposal to set aside \$200 million as an endowment for the Tennessee Student Assistance Award (TSAA), the State's only truly need-based student aid program, the General Assembly agreed to a recurring appropriation of \$10 million from a mixture of general appropriations and the lottery program. Throughout the session, both the House and Senate moved the endowment idea forward until the latest revenue projections indicated that lottery revenue was much lower than once thought. It was then that a new approach was adopted that may have actually stabilized the grant program's improvement. Instead of a fluctuating improvement based on investment earnings off of the proposed endowment, the legislature set the amount at a constant \$10 million. It is anticipated that the improvement will help an additional 5,000 students this upcoming fall.

## **Student Loan Bill Defeated**

In a coordinated effort among the higher education community, a bill to regulate the student loan industry was defeated. The bill introduced by Senator Roy Herron never made it to committee. It was drafted after the complicated Slate Act in New York that placed confusing requirements on institutions and the banking community. TICUA assisted in outlining the difficulties of the bill and offered revisions for consideration. After examining all the necessary changes, TICUA requested that the Senator take the bill off notice, which he did.

## **TICUA Members Required to Have P2P Policy**

The Recording Industry Association of America pushed a bill through the General Assembly that requires TICUA members to adopt "reasonable" policies defining computer and network usage for faculty, staff and students. As well, the bill states that institutions should make reasonable attempts to post public communication related to the policy.

It is only when an institution receives 50 or more legally valid notices that an institution needs to reasonably implement measures to prevent illegal downloads. Based on information received by TICUA, only one member has received the necessary number of notices to implement prevention strategies.

## **Charitable Gift Annuity**

The “Tennessee Charitable Gift Annuity Act of 2008” was passed this year increasing the administrative burden on our campuses. The impetus for the bill was a violation of a small not-for-profit in middle Tennessee which jeopardized the gifted annuity by placing it against the organization’s financial obligations. Under the new law, institutions wanting to write gift annuities will have to file for a certificate of authority with the Department of Commerce and Insurance. Along with the application, the applicant will have to submit the forms being used to execute the annuity for approval. Each year a report will need to be submitted to renew the application along with a modest fee of \$100. TICUA will notify members when the Department begins the rule promulgation process.

## **For Profit Schools to be More Transparent**

During the summer and fall of 2007 a committee appointed by the General Assembly conducted study hearings related to for-profit campuses in Tennessee. The members of the committee were largely those from the proprietary community and legislators. All but one bill introduced as a result of the study committee failed. The surviving bill requires proprietary schools to disclose transfer of credit policies, tuition and fee information, number of graduates, job placement data, and other information to better inform the consumer.

TICUA members will also be required to inform students of the institution’s transfer of credit policy prior to tuition payments being made. This can be done in any correspondence to the student, including referencing the appropriate web link, prior to registering for classes. At one point the bill dictated that institution’s transfer policies could not discriminate solely based on accreditation, but this requirement was ultimately eliminated.

## **TICUA Members Eligible to Start Charter Schools**

Representative Beth Harwell and Senator Jim Tracy sponsored a bill that enables TICUA member institutions to establish K-12 Charter Schools through the Tennessee Department of Education. Although there is a limit of 50 Charter Schools for the State, this bill opens the possibility of private colleges working with the Department to create such an entity to serve at-risk students. TICUA testified that the Charter School focus on serving low-income at-risk students is consistent with many member institution’s missions of public service. Contact TICUA for contact information on how to explore starting a charter school.