

TICUA Policy Update

March 20, 2009

Senate Moves on Lottery Bills

The Senate Lottery Bill Education Subcommittee met this week to begin review of the nearly 60 bills filed to make adjustments to the Tennessee Education Lottery Scholarship programs. Prior to the meeting, however, the Office of Legislative Budget Analysis released a statement indicating that the 2008-09 scholarship programs will outpace the lottery sales revenue by \$2 to \$6 million. As a result, many Senators did not try to move their bills. The statement also had a chilling effect on the Subcommittee's work. Speaker Pro Tempore Jamie Woodson stated that she would vote for a negative recommendation on all lottery bills with a fiscal note. Consequently, only three bills came out of the subcommittee with a positive recommendation. One was a technical correction bill, the second bill expanded the Helping Heroes program to use unexpended funds in that account for Tennessee National Guard members, and the final bill changes the name of the scholarship programs to the Tennessee Cohen Hope Scholarship programs. The full committee will review the bills with the subcommittee's recommendations this next week.

The House Higher Education Subcommittee will begin a two week process of reviewing lottery bills this next week. The committee will review the bills with higher education leaders in week one and then hear from the bill sponsors in week two.

THEC Holds Hearing on Proprietary School Fees

The Tennessee Higher Education Commission has proposed increasing the various fees proprietary schools pay to operate in Tennessee. The fee increase comes after THEC received direction this past Legislative Session to increase its staff and oversight of the hundreds of institutions under their authorization. The fees had not been adjusted since 1992 thus resulting in a substantial increase.

TSAC Holds Board Meeting

The Tennessee Student Assistance Corporation held its Spring Board meeting yesterday. The Board took action on Board officers and adopted rule clarifications on the Tennessee Rural Health Scholarship and the Tennessee Education Lottery Scholarship programs. The Board also heard staff reports on the various programs run by TSAC and was briefed on the potential impact of President Barack Obama's proposal to eliminate the Federal Family Education Loan programs with Direct Lending. TSAC currently serves as a guarantor for the FFEL programs. The elimination of FFEL would significantly redefine the future role and purpose of TSAC.

It was also reported that the staff are preparing for upcoming budget cuts. In 2008-09 the State's need-based grant was reduced nearly \$1 million due to mid-year budget cuts. TSAC has been asked to brace

itself for a possible 15% reduction for 2009-10. None of the Federal Stimulus package will go to offset possible cuts to the State's student aid programs.