

TICUA Policy Update
April 6, 2007

Senate Education Hears Testimony on Lottery Scholarships

It was revealed during testimony this week that there are considerable excess funds available for the lottery scholarship program. According to estimates there are currently \$369 million in one-time excess funds and \$51 million in annual recurring excess revenue. The Tennessee Higher Education Commission reported that their priorities were to increase retention rates of the scholarship and to reach out to underrepresented populations. To accomplish these goals they proposed the following policy changes.

First, they proposed using the one-time excess funds to be set aside into a dedicated corpus and use the interest income to supplement the Tennessee Student Assistance Award. This recommendation is in line the TICUA proposal so support the State's need-based aid program. Second they recommended using the \$51 million recurring excess revenue to increase the scholarship amounts to \$2,000 for two year campuses and \$4,000 for four year colleges and universities; lower the renewal GPA to 2.75; expand the outreach to non-traditional students; and to expand the dual enrollment grant.

THEC went on to suggest that the Committee examine the possibility of rewarding those students who take college preparation or the Tennessee Scholars high school curriculum. THEC proposed offering additional aid to those students who choose the take the college preparatory path. This would provide an incentive for students to take more difficult courses in high school, thus making them better prepared for college level work.

TBR Proposes Plan to Regain Near Graduates

David Gregory, Vice Chancellor of the Tennessee Board of Regents, testified before the Senate Education Commission proposing that \$60 million of the lottery excess be used to establish a new "regain" program. According to the verbal proposal, the funds would be set aside to create a scholarship program to encourage student drop out's who are 30 semester hours away from graduation to return to college and complete their degree. At this point the proposal is directed at UT and TBR institutions.

THEC Committee Examining Lottery Scholarships

Shelby County Mayor and Tennessee Higher Education Commissioner, A.C. Wharton has been chairing a special THEC committee to evaluate the some of the perceived shortfalls of the lottery scholarship program. The committee has met three times and has scheduled a final meeting for April 15, 2007. The committee is closing in on recommendations to improve the scholarship program. The three areas of discussion include adding an early commitment piece so that middle and high school students will decide early on to prepare themselves for college, re-examining the requirements to qualify for the scholarship, and proposing ways to increase the retention of the

scholarship. The committee also is considering adopting the TICUA lottery excess funds proposal to supplement the need-based aid grant program.

Student Loan Industry Under Scrutiny

Three state Attorney Generals have begun investigating the student loan industry in their states. New York, Minnesota, and Missouri have all taken action to look more closely at the relationship between schools and lenders. New York took the lead to file subpoenas to numerous colleges and universities concerning their student loan practices. The General's reach has extended beyond state lines to Texas, California, Pennsylvania and other states.

Quoting from the recent NAICU *Week in Review*, "It would be wise for all colleges to review any lending programs they have in light of the standards proposed in the Sunshine Act (link below). Presidents, financial aid officers, business officers, and college legal counsel should play a role in any internal conversations, and institutions should clearly understand how any revenue from these programs has been used to benefit students. Most colleges have negotiated these deals with banks in an attempt to provide their students with access to the best loans possible, and to secure loans with terms and conditions more favorable to students and families than they could secure without the support of their college."

http://www.naicu.edu/StudentLoanSunshineActFeb1ROM07166_xml.pdf