

TICUA Policy Update

May 8, 2008

General Assembly Prepares for Adjournment

The 105th General Assembly is moving rapidly toward adjournment. Governor Phil Bredesen is scheduled to release his revised budget on Monday, May 11, 2008. Upon release, the legislature is planning on making quick work of the budget to pass it that very week. Although there are a lot of issues remaining, the rumor is that the Assembly is striving to adjourn by May 16, 2008.

The revised budget will look ugly. Calling for a reduction in nearly 2,000 positions and cuts across the board; including a \$55 million cut to the higher education budget. The cuts may very well push the public universities over the double digit tuition increase mark.

Lottery Bill Moves in Both the House and Senate

Both the House and Senate have taken action on a bill to change the Tennessee Education Lottery Scholarship programs. Both bills address many technical expansion measures including redefining aid for foster care children, military dependent residency definitions, changes the number of years from two to one for home schooled students, expands religious worker dependents provisions, expands provisions for non-traditional students, and changes the 120 hour requirement to a five year equivalency. They also include the “Helping Heroes Act” which provides aid for veterans for the Afghan and Iraqi conflicts and the “Energy Efficient Schools Initiative.”

Both bills also include a reduction in the renewal GPA from 3.0 to 2.75. The Senate provides the reduction to the next benchmark, thus allowing a student to have a 2.75 GPA up through 48 hour mark. The House version calls for a 2.75 for the entire program. The House’s provision costs \$10 million more than the Senate’s, which happens to be the amount the House’s bill is over budget.

TSAA Reserve Defeated....But That’s Good??

Upon review of the Funding Board’s revised revenue estimates from the Lottery Corporation, it was decided that the reserves for the lottery scholarship program needed to be greater than once thought. By statute, the program must maintain a \$50 million reserve, but both the House and the Senate have significantly increased this number to \$350 million. In doing so, the idea of a \$200 endowed reserve for the State’s need-based aid program (TSAA) was off the table. The concept of the reserve was to produce a recurring revenue flow to the program.

What appeared to be a defeat for needy students may have actually turned out for the better. Both the House and Senate have included a \$10 million recurring line item for the TSAA out of the lottery revenue. Whereas the reserve would have fluctuated based on investment earnings, this new line item secures the funding at \$10 million; higher than most investment projections. Consequently, the revenue stream is much more stable and will enable the State to easily budget for years to come.

Federal Advisory Committee to Hold Hearing

The Advisory Committee on Student Financial Assistance will hold a roundtable hearing to address student access in the midst of the current economic uncertainty. The hearing will be held at Vanderbilt University on Friday, June 13, 2008. Many TICUA personalities will be contributing to the discussion: Dr. Nancy Moody, TICUA Chair and President of Lincoln Memorial University, Dr. Hazel O'Leary, President of Fisk University, Dr. Stella Flores, Assistant Professor for Higher Education Policy, Peabody College of Vanderbilt University. The hearing is free and open to the public.

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