

***Tennessee Independent Colleges and Universities Association  
105<sup>th</sup> Tennessee General Assembly  
First Session Summary***

***105<sup>th</sup> Session of the Tennessee General Assembly Begins with Historic Leadership Change***

For the first time since Reconstruction the Tennessee State Senate has elected a Republican as Speaker of the Senate/Lt. Governor. Senator Ron Ramsey defeated long-time Speaker John Wilder as the leader of the State Senate. Lt. Governor Ramsey's first order of business was to appoint the Senate Committees. In keeping with Sen. Wilder's tradition, Ramsey acted in a bipartisan fashion by appointing four Democrats as committee chairs. Republican Senator Jamie Woodson remained the chair of the Senate Education Committee.

Leadership stayed the same in the House of Representatives with Rep. Jimmy Naifeh being elected as the Speaker of the House. Once again, Naifeh appointed Rep. Les Winningham as Chair of the House Education Committee.

***Lottery Scholarships***

After months of work and debate over the Tennessee Education Lottery Scholarship programs the Senate and the House failed to reach agreement on the proposed changes to the program. The session started with nearly 60 bills filed to make changes to the scholarship programs but in the end only the amounts were increased slightly. The four year grant edged up to \$4,000 the two year grant moved to \$2,000. This change will net TICUA members approximately \$1.7 million per year in student aid.

Ultimately legislators could not agree on two key changes. The House desired that the retention grade point average be lowered to 2.75 from 3.0 for the sophomore through senior years while the Senate thought lowering the GPA would compromise the merit component of the scholarships. As well, the House desired to pass Governor Bredesen's proposed free community college plan for qualifying students while the Senate proposed modifying the plan to make those same students eligible for a lower Hope Scholarship amount. These two policy disagreements led to the failure of any additional modifications to the scholarship programs for the 2007-2008 academic year. After debating the bill until the late hours of the final night of session the impasse could not be breached. This will be the first time since the inception of the lottery scholarships that so little has been done.

It is anticipated that the broad array of issues that were debated during session will be studied by select members of the General Assembly and the higher education community throughout the summer and into the fall. This may very well set up a package of changes

to be proposed during the second session of the 105<sup>th</sup> General Assembly beginning in January of 2008.

### ***Tennessee Student Assistance Award***

With the passage of Governor Bredeesen's cigarette tax came a \$3.8 million improvement for the State's only purely need-based aid program. The Tennessee Student Assistance Award (TSAA) program was improved by the Governor in order to restore the cumulative budget cuts over the past four years.

TICUA set forth a policy paper that called for \$200 million of the lottery excess funds to be set aside in a dedicated fund so that the interest income could supplement the TSAA. It was estimated that the fund would produce an additional \$10 million per year for the grant program. The proposal received early support in both chambers; however, in the final days of session the House expressed concerns about the proposal and withdrew their support. As a compromise an amount equal to the estimated annual earnings, or \$10 million, was appropriated for the TSAA from the lottery excess.

Even with the setback on the dedicated fund proposal, TSAA received a \$13 million improvement. This represents one of the largest improvements in the history of the grant program. The increase will fund approximately 6,500 additional students for the 2007-2008 academic year.

### ***TICUA Benefit Consortium***

The Session began with two major legislative initiatives for the TICUA Benefit Consortium (TBC). First, a bill was drafted to exempt the TBC from the State premium taxes and to request a refund on all previously paid taxes. Second, a bill was introduced that would restructure the definition of a State recognized benefit consortium and exempt the TBC from mandated benefits. Both bills were ultimately negotiated down to bare bone provisions.

The first bill was amended to eliminate the refund on previously paid taxes and to change the effective date for future tax exemption to July 1, 2008. Accordingly, the TBC will continue to pay premium taxes through the 2007-2008 plan year before relief will be realized. This compromise effectively saved what, in the final days, was described as a doomed bill. During the next to the last day of session the bill was placed in the Senate Finance, Ways and Means' General Sub committee for next year's consideration. However, once the bill started to move through the House the Senate companion bill was taken out of General Sub and passed out of committee to the floor. The bill passed both chambers unanimously during the closing day of session.

The second initiative was amended early in the session to remove the mandated benefits provision but kept the redefinition intact. Prior to this bill being passed, a group of 10 members or more of the same trade or industry could form a benefit consortium. Now, with the legislative change, two or more employers that collectively represent at least 500

employees can form a benefit consortium in Tennessee. The passage of the bill provides the TBC greater flexibility in serving its membership.