

# TICUA Policy Update

---

March 25, 2009

## Governor Releases His Budget

Governor Phil Bredesen released his Budget for 2010 this past Monday. In an unusual move, the Governor presented a four year outlook of the State's budget. Bredesen said that he's seeking a long-term solution with his budget recommendation that will fully fund K-12, health care, avert major layoffs, and deal responsibly with the Federal stimulus funds. It is estimated that even with the use of the \$5 billion in stimulus aid, the State's reserve will drop from \$1.2 billion to \$900 million over this period. The Governor frequently reminded the audience that the stimulus funds are "one-time" money and should be used for recurring expenses unless there are plans to take on that fiscal responsibility once the stimulus funds are gone.

Public higher education is receiving one of the largest portions of the stimulus package. The stimulus requires Tennessee to first restore \$68.1 million in previously cut funds to public higher education. Once this is done an additional \$185.2 million in non-recurring stimulus funds can be used to support public higher education for 2009-10. These actions will return the higher education operating fund to its \$1.365 billion 2007-08 level. Two years from now higher education will need to brace itself for a \$180 million reduction in funding.

The Governor's budget does contain two improvements including \$3.2 million in recurring funds for the State's need based aid program. This improvement will keep the Tennessee Student Assistance Award at the current funding level. Last year \$10 million was added to the TSAA but only \$6.8 million was recurring. Consequently, this action will keep the full \$10 million in the recurring column. The other improvement is a non-recurring \$5.3 million for University of Tennessee Bio-fuels Center.

## House Higher Ed Sub Reviews Lottery Bills

Chairman David Hawk of the House Higher Education Subcommittee began the process of reviewing bills filed to change the Tennessee Education Lottery Scholarship programs. The hearing began with testimony from Office of Legislative Budget Analysis Director David Thurman who estimated that the program will have a shortfall between \$2 and \$6 million for the 2008-09 academic year. Chairman Hawk expressed his concern over the shortfall but still moved forward to allow legislators the opportunity to tout the benefits of their respective bills. It is unlikely, however, than any bill with a fiscal note will be passed out of the Subcommittee. The hearing on the bills will continue next week.

## Senate Committee Passes Four Lottery Bills

The Senate Education Committee passed four bills out of Committee that will have an impact on the lottery scholarships. SB0037 expands the Helping Heroes Act to include members of the Tennessee

National Guard. This expansion uses unexpended funds already set aside for the Act. SB0771 clarifies that summer school is not required for continuous enrollment eligibility for non-traditional students. SB1541 was amended to rewrite the bill renaming the scholarship program after former State Senator Steve Cohen.

SB0311 also passed the Committee with of a vote of 5 yea, 2 nay, and 2 voting present. This bill provides students with medical disabilities the right to petition for an extension of the five year limitation of the scholarship program. The debate centered on the fiscal note and not the merit of the bill itself. Those voting against the bill did so based on the projected deficit for the scholarship program. The bill will now go onto Senate Finance, Ways, and Means.

All other lottery scholarship bills have been either taken off notice or sent to General Sub which keeps them alive but with little or no intention of moving forward.

## **Keep the Student Letters Coming!**

The Tennessee Student Aid Alliance has launched a student “thank you” writing campaign for those students benefiting from the Tennessee Student Assistance Award. It is important that the emails from students flood the halls of the Legislature in order to secure any improvements in the State’s only purely need-based aid program.

Please continue to have your students go to [www.tnsaa.org](http://www.tnsaa.org) click on the Action Center and following the “Take Action” button. The more letters we can generate the better!