

TICUA Policy Update February 1, 2008

Governor's Speech Includes TICUA Proposal

Governor Phil Bredesen's State of the State speech contained two key student funding proposals. The first was to lower the renewal grade point average for the lottery scholarship programs to 2.75 for all four years. This would impact approximately 3,000 students and cost just over \$17 million. This change would not spend all the recurring funds available for the program, thus allowing for additional modifications.

The Governor's second proposal was to set aside \$200 million of the lottery reserve as an endowment for the Tennessee Student Assistance Award (TSAA). This would allow for a recurring revenue stream of about \$9-\$10 million for the State's need-based aid program. TICUA proposed this idea three years ago when the reserve started growing due to the gradual implementation of the scholarship program. In the fall of 2006 TICUA published a policy paper giving an historical overview of the program and proposing the endowment concept as policy proposal on how to increase long-term funding for the grant program.

The Governor presented his speech to the General Assembly on Monday evening. The next day both the House and Senate Finance Ways and Means Committees were briefed by Finance and Administration Commissioner Dave Goetz on the financial details of the Governor's budget.

Proprietary Schools Want Less Supervision

For profit higher education institutions operating in Tennessee are requesting less state supervision. They have been arguing that national accreditation is essentially the same as regional accreditation and therefore should exempt them from THEC oversight. TICUA President Claude Pressnell testified Monday before the Education Study Committee on Proprietary Schools that primary accreditation difference occurs when comparing faculty credentials. Regional accreditation requires a higher standard than does national accrediting bodies.

Whereas many of the Committee members agree that there are significant differences between the accrediting bodies they did entertain increasing requirements for reporting transparency of all higher education institutions related to cost and student loans. This could possibly add new reporting requirements to TICUA member institutions. TICUA is arguing that transparency already exists among its members and has held up the CollegeforTN.org website, IPEDS Cool, and the NAICU U-CAN project as examples of one-stop places for consumers to find out all they need about college selection.

Gift Annuity Bill Proposal Gets a Second Look

The Department of Commerce and Insurance has been working with the non-profit community to revise the language of the proposed changes to the law governing charitable gift annuities. While there is still some apprehension, the second draft of the bill accommodated many of the concerns of TICUA members. To summarize the current draft, institutions will still need to apply for a certificate of authority to write gift annuities, the annuity agreement template used with donors will need to be approved by the State, it will need to be made clear to the donor whether or not the annuity is insured, gifts received will need to be segregated from other funds, and the campuses will need to report annually on gift annuity activity.

TICUA is continuing to receive comments from the advancement community, as well as working with the Department officials.

Don't Forget: TICUA Annual Meeting February 19-20, 2008