

TICUA Policy Update – First Session of the 107th Tennessee General Assembly Wrap Up

May 20, 2011

The first session of the 107th Tennessee General Assembly adjourned on Saturday, May 21, 2011. This has been an historic session. For the first time in Tennessee history, the Republicans held a significant majority in both the House and Senate while also occupying the Governor's office. As well, Tennessee's first ever woman Speaker of the House, Beth Harwell led the House of Representative. Speaker Harwell is a graduate of Lipscomb and Vanderbilt Universities and served as a professor at Belmont University.

Here is a summary of the some of the key issues monitored by TICUA:

Tennessee Education Lottery Scholarship Program

SUMMER USAGE

Beginning with the 2011/2012 academic year certain students will be able to use their lottery scholarship for summer courses. In order to pay for the provision, beginning fall 2011, a cap of 120 hours has been placed on the number hours for which a student can be eligible for the scholarship. Students who received their lottery scholarship beginning in the fall of 2009 or later are eligible for the new provision but are also subject to the 120 hour cap, unless the degree program requires more than 120 hours. Students who first received their lottery scholarship prior to the fall of 2009 are not eligible for summer usage but are also exempt from the 120 hour cap. Students entering into a semester with less than 120 hours will be eligible for the full grant amount even though they may exceed the 120 hour cap upon completing the semester's work. The new program applies to the Hope scholarship programs as well the Access Grant and the nontraditional scholarship.

DUAL ENROLLMENT BILL

In the final days of the Legislative session Representative Craig Fitzhugh amended a lottery bill that allows for junior and senior high school students to receive additional dual enrollment funds. They are allowed to do so by qualifying for the full Hope Scholarship with a 21 ACT or a cumulative high school GPA of 3.0 but would have to 'borrow' from their future scholarship proceeds. The bill allows for four additional dual enrollment grants for a maximum of \$1,200. The students would, upon high school graduation and entry to an eligible college or university, be required to reduce their Hope Scholarship until the previous funds are repaid. Consequently, if a student used the full \$1,200 provision they would only be eligible for \$800 in their first semester for attendance at a TICUA member institution. TICUA testified against the bill during the final evening of the session in the Senate Finance, Ways, & Means committee citing the potential negative impact on full time enrollment off-sets the benefit of expanding dual enrollment.

LOTTERY SCHOLARSHIP STABILIZATION COMMITTEE

Last year the Senate and House came together and created a Lottery Stabilization Committee to examine ways to lower the cost of the Tennessee Education Lottery Scholarship (TELS) programs so that they would align with projected revenue projections. TELS is currently running a deficit of approximately \$9 million per year. The Committee was disbanded, however, at the beginning of the 107th General Assembly and needed to be reconstituted if further work was to be completed.

Senators Dolores Gresham and Randy McNally sent a letter to Lt. Governor Ron Ramsey's office requesting the Committee be reconstituted to consider possible legislative action to modify the TELS programs. Dr. Claude Pressnell has been appointed to the committee to represent TICUA member institutions. Other committee members include the Chairs and Vice Chairs of the House and Senate Education and Finance, Ways and Means Committees; Secretary of State; State Treasurer; Comptroller of the Treasury; and one representative each from THEC, TBR and UT.

ALTERNATIVE TELS APPLICATION DEFERRED

For a number of years Senator Rusty Crowe has proposed legislation to provide an alternative application for those not wanting to complete the FAFSA to qualify for the lottery scholarship program. The bill would have prohibited the collection of family income information which created a concern among higher education officials because low income families completing the application would not be considered for other aid for which they may be eligible. There was some discussion about creating an online application that would collect income ranges for research purposes as well as automatically direct those with less than \$60,000 to the online FAFSA, however the amendment prohibited such questions. Ultimately the bill was referred to the Lottery Stabilization Committee for further study.

INCREASING THE ELIGIBILITY REQUIREMENTS DEFERRED

Representative Harry Brook's bill to increase the ACT and GPA requirements for initial lottery scholarship eligibility was moved by Senate sponsor Dolores Gresham to the Lottery Stabilization Committee for study over the summer. The bill would have phased-in a increase in the requirements for the ACT from 21 to 23 and the GPA from 3.0 to 3.25 by the 2015-16 academic year. The goal of the bill is to reign in the cost of the scholarship program to align with the lottery ticket sales revenue projections. Rather than take action on the bill this session, the Senate Education Committee decided that they would like the Lottery Stabilization Committee to study the implications of the increasing the eligibility requirements as well as explore other cost containment options.

ADMINISTRATIVE BURDEN REDUCTION BILL DEFERRED

Lt. Governor Ron Ramsey and House Speaker Beth Harwell filed companion bills to reduce the administrative burden of the lottery scholarship meeting. At the 55th TICUA Annual Meeting the Speakers met jointly to address the TICUA member presidents when they indicated that they would work with TICUA to lessen work related to the program. As drafted, the bills would have eliminated the TELS grade point average and moved the renewal benchmark to the end of the spring semester. If passed, the scholarship program will be based on the school's GPA, as do other student aid programs, and scholarship renewal would be made simpler. The sizeable fiscal note, however, resulted in the bills being sent to the Lottery Stabilization Committee for further study.

Contract Education

The Tennessee Higher Education Commission's Contract Education program has been appropriated \$2.2 million. This is a 1.5% reduction from last year's amount which is smaller reduction than other higher education budget line items. Last year the program was threatened with elimination but that was thwarted due to efforts by TICUA and recipient campuses. Contract education allows for the State of Tennessee to work with TICUA member institutions to reserve seats for state residents in academic programs not offered by public colleges or universities.

Tennessee Student Assistance Award

The Tennessee Student Assistance Award received a \$3.2 million nonrecurring improvement which keeps it at last year's funding level. The U.S. Congress, however, eliminated the Leveraging Education Assistance Program (LEAP) which resulted in a \$800,000 loss in support for TSAA. The Corporation Board took action to move \$1.5 million from the operating fund in order to make up for the reduction and provide funding for additional students.

Guns on Campus Bills Sent to Summer Study

Bills which would have allowed faculty, staff, military personnel and law enforcement officers with conceal and carry permits to carry weapons on public college and university campuses have been sent to a summer study committee. This action defers consideration of the bills until 2012. There is a possibility that the bills may resurface in a slightly different format than before which expand the reach to private campuses. Even though TICUA has been assured by the sponsors that they are not seeking to include private colleges and universities in the measure but the issue will be monitored carefully over the summer and into the next session.

Governor Proposes \$5 million to U of M to Operate at Lambuth in Jackson

With the announced closure of Lambuth University on June 30, 2011, Governor Bill Haslam amended the state budget to provide \$5 million from the State's Rainy Day Fund for operating funds to the University of Memphis to begin operations on the Lambuth campus. No funds may be used for capital improvements or purchases.

The plan instructs THEC to conduct a study on a wide array of issues including an evaluation of the physical plant, financial implications, and regional academic needs. The study is required to be completed by August 1, 2011 and then the Board of Regents and the University of Memphis will then create an action plan to occupy the property based on the study outcomes. As well, the amendment requires that no debt accompany the transaction and that private donors along with local government agencies satisfy current debt obligations and to get the physical plant up to code. It is not clear at this point who will retain ownership of the property.

TICUA's position has encouraged the continued use of the property but has called for a more inclusive discussion which could result in a more collaborative end to the process. Numerous TICUA member colleges and universities are located in the area and TICUA has called for their involvement in assessing what additional academic programs will be offered on the Lambuth campus.

Student Representation on TSAC Board Altered

The Tennessee Intercollegiate State Legislature drafted a bill which changes how the student representative will be selected to serve on the Board of Directors of the Tennessee Student Assistance Corporation. The bill vests TISL with the responsibility of engaging students in the process of selecting the Board representative. TISL will receive the nominations and submit three candidates for selection to the Governor of Tennessee. College and university presidents will be kept informed about the process and the final selection by Governor through TISL.

The bill also provides for two students to serve on the Board with two-year staggering terms. Only one student will have voting powers. The non-voting member would be able to attend the meetings the first year to become familiar with the Board proceedings and then become a voting member. Annual selection will continue to alternate between public and TICUA member institutions.

Tennessee Lawful Employment Act

The Tennessee Lawful Employment Act prohibits an employer from knowingly employing an unauthorized alien. Beginning on January 1, 2012, employers with 500 or more employees will need to utilize the U.S. Homeland Security E-Verify system to document the lawful residency of all new employees. The records must be retained for three years. The provision applies to employers with 200 or more employees on July 1, 2012 and with 6 or more employees on January 1, 2013. There is no cost to use the E-Verify system. TICUA will explore the possibility of providing compliance training with this Act within the next few months.