

HOUSE BILL 2491

By McCormick

AN ACT to amend Tennessee Code Annotated, Title 49, Chapter 4, Part 7 and Title 49, Chapter 4, Part 9, relative to postsecondary financial assistance.

WHEREAS, Governor Haslam has set the goal of making Tennessee the number one location in the southeast for high-quality jobs; and

WHEREAS, high-quality jobs require a workforce that is equipped with the knowledge and skills provided through postsecondary education; and

WHEREAS, the Governor and members of the General Assembly hear continually from Tennessee employers that the demand for skilled workers exceeds the supply; and

WHEREAS, Tennessee lags behind the national average in residents with higher education degrees, ranking forty-third in the percentage of adults with a two-year degree or higher; and

WHEREAS, without intervention, the current higher education attainment level of thirty-two percent (32%) among Tennesseans is projected to increase to only thirty-nine percent (39%) by 2025; and

WHEREAS, recognizing these realities, Governor Haslam launched the Drive to 55 initiative to increase higher education attainment among Tennesseans to fifty-five percent (55%) by 2025, which will require the awarding of four hundred ninety-four thousand (494,000) additional postsecondary credentials; and

WHEREAS, these credentials need to be fully aligned with emerging workforce demand, which will require collaboration across education and workforce agencies at the state, regional, and local level; and

WHEREAS, the Drive to 55 initiative is comprised of strategies to address both traditional and non-traditional students; and

WHEREAS, we cannot reach 55 percent without engaging our adult population that has some college but no degree; and

WHEREAS, reaching this goal will require focused effort and coordination across all systems and institutions of Tennessee higher education; and

WHEREAS, a key to the future economic success of Tennessee is reaching 55 percent higher education attainment by 2025 in order to keep up with projections of the percent of Tennessee jobs that will require a postsecondary credential or degree; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 49-4-708, is amended by deleting the section in its entirety and by substituting instead the following language:

(a) This section shall be known and may be cited as the “Tennessee Promise Scholarship Act of 2014”.

(b) As used in this section:

(1) “Continuous enrollment” has the same meaning as defined in § 49-4-902;

(2) “Eligible high school” has the same meaning as defined in § 49-4-902;

(3) “Eligible postsecondary institution” means a Tennessee public college or university, a Tennessee college of applied technology, or a regionally accredited four-year private, non-profit institution located in this state and having its primary campus domiciled in this state;

(4) “Full-time student” has the same meaning as defined in § 49-4-902;

(5) “Gift aid” has the same meaning as defined in § 49-4-902;

(6) “Home school student” means a student who completed high school in a Tennessee home school associated with a church-related school as defined

by § 49-50-801 or an independent home school student whose parent or guardian has given notice to the local director of a Tennessee school district under § 49-6-3050(b)(1) of intent to conduct a home school;

(7) "Resident" means a student as defined by regulations promulgated by the board of regents under § 49-4-104; and

(8) "TSAC" means the Tennessee student assistance corporation.

(c) TSAC shall administer the Tennessee Promise Scholarship Program for Tennessee residents seeking an associate's degree, certificate or diploma from an eligible postsecondary institution under the following terms and conditions:

(1) To be eligible for the scholarship a student shall be admitted to and enrolled full-time in an eligible postsecondary program in the fall term following graduation from an eligible high school, or completion of high school as a Tennessee home school student, or obtaining a GED® or HiSET® diploma; provided, that the student obtains the GED® or HiSET® diploma prior to the student reaching nineteen (19) years of age. Exceptions to initial enrollment may be made for extenuating circumstances as provided in rules and regulations promulgated by TSAC;

(2) Students applying for the scholarship shall complete the Tennessee Promise application in their initial year of enrollment. Students shall complete the free application for federal student aid (FAFSA) each academic year in which they seek to receive the Tennessee Promise Scholarship;

(3) To continue to receive a Tennessee Promise Scholarship, a student shall maintain satisfactory academic progress as determined by the rules and regulations promulgated by TSAC;

(4) Scholarship recipients shall participate in mentoring and community service programs under the rules and regulations promulgated by TSAC. TSAC shall develop the selection and renewal criteria for students and shall have the authority to work with outside organizations to develop the most effective means for delivering the scholarships;

(5) Subject to the amounts appropriated by the general assembly, a Tennessee Promise Scholarship shall be the cost of tuition and mandatory fees at the eligible postsecondary institution attended less all other gift aid, as defined in § 49-4-902. Gift aid shall be credited first to the student's tuition and mandatory fees;

(6) Notwithstanding subdivision (c)(5), the amount of the Tennessee Promise Scholarship at an eligible four-year public postsecondary institution or an eligible private institution shall not exceed the average cost of tuition and mandatory fees at public two-year postsecondary institutions;

(7) A Tennessee Promise Scholarship student who has an approved medical or personal leave of absence from an eligible postsecondary institution may continue to receive the scholarship upon resuming the student's education at an eligible postsecondary institution so long as the student continues to meet all applicable eligibility requirements. The sum of all approved leaves of absence shall not exceed six (6) months. The student shall be eligible for the scholarship until the occurrence of the first of the following events:

(A) The student has earned a certificate, diploma, or associate degree; or

(B) The sum of the number of years the student attended a postsecondary institution, exclusive of approved leaves of absence,

equals two and one-half (2½) years from the date of the student's initial enrollment at an eligible postsecondary institution; and

(8) Except for a medical or personal leave of absence, as approved by an eligible postsecondary institution, a Tennessee Promise Scholarship student shall maintain continuous enrollment at an eligible postsecondary institution.

(d) The Tennessee Promise Scholarship program shall be funded under the following terms and conditions:

(1) There is established an endowment for the purpose of funding the Tennessee Promise Scholarship, which shall be funded from program-generated revenues of the TSAC and shall be invested as a part of the chairs of excellence endowment fund established by § 49-7-501, the intermediate-term investment fund established by § 9-4-608, or the state pooled investment fund established by § 9-4-603. To the extent that the endowment is invested in the chairs of excellence endowment fund, the chairs of excellence endowment fund shall serve exclusively as an investment vehicle; accordingly, the chairs of excellence program and funding requirements shall not apply;

(2) In addition to the endowment described in subdivision (d)(1) there is established an additional endowment for the purpose of funding the Tennessee Promise Scholarship, which shall be funded from the lottery for education account established in § 4-51-111(b)(1). Such endowment shall be established as a separate account in the state treasury. Moneys in this endowment shall be invested by the state treasurer pursuant to title 9, chapter 4, part 6, for the sole benefit of that fund;

(3) Beginning in fiscal year 2014-2015, all funds in the lottery for education account, established in § 4-51-111(b), in excess of ten million dollars

(\$10,000,000) shall be transferred on a quarterly basis to the Tennessee Promise Scholarship endowment described in subdivision (c)(2). Such transfers shall occur after all required expenditures have been made for Tennessee education lottery scholarship programs, Tennessee student assistance awards, and administrative expenses, and after any required deposits into the general shortfall reserve subaccount have been made; and

(4) Funds appropriated for the Tennessee Promise Scholarship program, including matching funds or other appropriations made by the general assembly, may be placed in an endowment fund created solely for the program, the interest income from which shall be used to provide scholarships under this section. The corpus of each endowment established under this section shall not be expended. Unexpended funds remaining in each endowment in any fiscal year shall not revert to the general fund, but shall remain available in the Tennessee Promise Scholarship program for scholarship expenditures in subsequent fiscal years.

SECTION 2. TSAC is authorized to promulgate rules to effectuate the purposes of Section 1 of this act. All such rules shall be promulgated in accordance with Tennessee Code Annotated, Title 4, Chapter 5.

SECTION 3. Tennessee Code Annotated, Section 49-4-902, is amended by adding the following language as a new, appropriately designated subdivision:

() "Full-time equivalent semester" means any semester in which a student is enrolled full-time and receives a Tennessee HOPE scholarship. A semester in which a part-time student attempts six (6), seven (7) or eight (8) semester hours and receives a Tennessee HOPE scholarship shall be counted as one-half ($\frac{1}{2}$) of a full-time equivalent semester. A semester in which a part-time student attempts nine (9), ten (10), or eleven

(11) semester hours and receives a Tennessee HOPE scholarship shall be counted as three-fourths ($\frac{3}{4}$) of a full-time equivalent semester.

SECTION 4. Tennessee Code Annotated, Section 49-4-913, is amended by deleting subsections (b), (c), and (d) in their entirety and by substituting instead the following language:

(b) Notwithstanding the provisions of subsection (a) to the contrary, and except as set forth in subsections (c) and (d) and §§ 49-4-919, 49-4-920 and 49-4-941, a student who first receives a Tennessee HOPE scholarship in the fall semester of 2009 or later, may receive the scholarship until the first of the following events occurs:

(1) The student has earned a baccalaureate degree;

(2) Five (5) years have passed from the date of the student's initial enrollment at any postsecondary institution; or

(3) The student has attempted a total of one hundred twenty (120) semester hours or has received the Tennessee HOPE scholarship for eight (8) semesters at any postsecondary institution, whichever occurs later.

(c) A student who first receives a Tennessee HOPE scholarship in the fall semester of 2009 or later and who is enrolled in an undergraduate degree program required to be more than one hundred twenty (120) semester hours in length may receive a Tennessee HOPE scholarship until the first of the following events:

(1) The student has earned a baccalaureate degree;

(2) Five (5) years have passed from the date of the student's initial enrollment at any postsecondary institution; or

(3) The latter of the following events has occurred:

(A) The student has attempted the number of semester hours required to earn the undergraduate degree or a total of one hundred

thirty-six (136) semester hours at any postsecondary institution,
whichever is less; or

(B) The student has completed eight (8) full-time equivalent
semesters.

(d) Notwithstanding the provisions of subsections (b) and (c) to the contrary, the five-year, total full-time equivalent semester, and total semester hour limitations for a student who first receives a Tennessee HOPE scholarship for nontraditional students pursuant to § 49-4-931 beginning with the fall semester of 2009 or thereafter, shall be based on the sum of years, total full-time equivalent semesters, or total semester hours attempted while receiving the Tennessee HOPE scholarship or the Tennessee HOPE scholarship for nontraditional students.

SECTION 5. Tennessee Code Annotated, Section 49-4-914, is amended by deleting the section in its entirety and by substituting instead the following language:

(a) Subject to the amounts appropriated by the general assembly and any provision of law relating to a shortfall in funds available for postsecondary financial assistance from the net proceeds of the state lottery, the amount of a Tennessee HOPE scholarship and Tennessee HOPE scholarship for non-traditional students awarded to a student attending an eligible four-year postsecondary institution shall be one thousand five hundred dollars (\$1,500) for full-time attendance for each semester. This award amount shall apply to each entering freshman in the fall term of 2015, and thereafter, and shall continue through the final semester of such student's sophomore year. The determination of a student's status as a freshman or sophomore shall be made by the postsecondary institution attended.

(b) Subject to the amounts appropriated by the general assembly and any provision of law relating to a shortfall in funds available for postsecondary financial

assistance from the net proceeds of the state lottery, for a student described in subsection (a) the award amount shall increase to two thousand five hundred dollars (\$2,500) per semester beginning in the student's junior year, as determined by the postsecondary institution attended, and shall continue until the student is no longer eligible for a Tennessee HOPE scholarship under § 49-4-913(b) and (c).

(c) Subject to the amounts appropriated by the general assembly and any provision of law relating to a shortfall in funds available for postsecondary financial assistance from the net proceeds of the state lottery, a Tennessee HOPE scholarship and Tennessee HOPE scholarship for non-traditional students awarded to a student attending an eligible two-year postsecondary institution shall be one thousand five hundred dollars (\$1,500) for full-time attendance for each semester. This award amount shall apply to the initial entering freshman class beginning in the fall term of 2015 and to each entering class thereafter.

(d) A student who first received the Tennessee HOPE scholarship, Tennessee HOPE access grant or Tennessee HOPE scholarship for nontraditional students in the fall semester of 2009 or later may receive such scholarship or grant in the summer semester of an academic year as defined in § 49-4-902(2)(A) in addition to the receipt of the scholarship or grant in the fall and spring semesters of an academic year.

(e) The amount of a Tennessee HOPE scholarship awarded to a student attending an eligible two-year postsecondary institution that provides on-campus housing shall be the same as the amount provided in subsection (c).

(f) Subject to the amounts appropriated by the general assembly and any law relating to a shortfall in funds available for postsecondary financial assistance from the net proceeds of the state lottery, the amount of a Tennessee HOPE scholarship and Tennessee HOPE scholarship for non-traditional students, who enroll in an eligible

postsecondary institution prior to the fall term of 2015, shall be determined in accordance with § 4-51-111 and shall be set in the general appropriations act.

SECTION 6. Tennessee Code Annotated, Section 49-4-919, is amended by adding the following language as new subsection (b) and by redesignating the remaining subsections accordingly:

(b) Notwithstanding the provisions of subsection (a) to the contrary, a student who first receives a Tennessee HOPE scholarship in the fall semester of 2009 or later, may receive the scholarship until the first of the terminating events described in § 49-4-913(b) and (c).

SECTION 7. Tennessee Code Annotated, Section 49-4-920, is amended by deleting subsection (g) and by substituting instead the following language:

(g) Notwithstanding the provisions of subsection (f) to the contrary, a student who first receives a Tennessee HOPE scholarship in the fall semester of 2009 or later may receive the scholarship until the first of the terminating events described in § 49-4-913(b) and (c).

SECTION 8. Tennessee Code Annotated, Section 49-4-921(a), is amended by deleting the subsection in its entirety and substituting instead the following language:

(a) To be eligible for a Wilder-Naifeh technical skills grant, a student seeking a diploma or certificate at a Tennessee college of applied technology operated by the board of regents of the state university and community college system shall:

- (1) Meet the requirements of §§ 49-4-904 and 49-4-905(a); and
- (2) Be admitted to the institution in a program of study leading to a certificate or diploma.

SECTION 9. Tennessee Code Annotated, Section 49-4-921(f), is amended by deleting the subsection in its entirety and substituting instead the following language:

(f) Subject to the amounts appropriated by the general assembly and any law relating to a shortfall in funds available for postsecondary financial assistance from the net proceeds of the state lottery, a Wilder-Naifeh technical skills grant awarded under this section shall be for independent students, as determined by the FAFSA, and shall be the cost of tuition and mandatory fees at the Tennessee college of applied technology attended less all other financial aid, which shall be credited first to the student's tuition and mandatory fees.

SECTION 10. Tennessee Code Annotated, Section 49-4-922, is amended by deleting the section in its entirety and substituting instead the following language:

If the sum of all financial aid, including a Tennessee HOPE scholarship, a Tennessee HOPE access grant, a general assembly merit scholarship or an ASPIRE award under § 49-4-915, for which a student qualifies, exceeds the institutionally defined total cost of attendance at the eligible postsecondary institution the scholarship or grant recipient is attending, then the student's financial assistance provided shall be reduced so that the financial aid actually received by the student does not exceed the institutionally defined total cost of attendance.

SECTION 11. Tennessee Code Annotated, Section 49-4-902, is amended by deleting subdivision (24) in its entirety.

SECTION 12. The provisions of this act shall not be construed to be an appropriation of funds and no funds shall be obligated or expended pursuant to this act unless such funds are specifically appropriated by the general appropriations act.

SECTION 13. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 14. For the purposes of promulgation of the rules and for fund transfers made pursuant to Section 1, this act shall take effect upon becoming law, the public welfare requiring it. For all other purposes, this act shall take effect July 1, 2015, the public welfare requiring it.