

SENATE BILL 3959  
By Beavers

AN ACT to amend Tennessee Code Annotated, Title 49,  
Chapter 4, relative to postsecondary financial  
assistance from state lottery proceeds.

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

SECTION 1. Tennessee Code Annotated, Title 49, Chapter 4, is amended by adding  
the following language as a new Part 11:

§49-4-1101.

Net proceeds of the state lottery shall be used exclusively for the purposes set  
out in Tenn. Const., art. XI, §5, and the provisions of this part and part 9 of this chapter.  
Such net proceeds shall be used to supplement, not supplant, existing resources for  
educational purposes, projects, and programs. It is the intent of the general assembly  
that the grant program established under this part shall not create an entitlement to  
financial assistance to enable attendance at a postsecondary institution for any student.

§49-4-1102.

Any term defined in part 9 of this chapter shall have the same meaning in this  
part, unless the context otherwise requires. As used in this part, unless the context  
otherwise requires:

(1) "Director" and "officer" include any person who has direct authority  
over the affairs of an employer however denominated or who owns a controlling  
interest in an employer;

(2) "Employer" means any entity authorized to do business in this state  
that is subject to franchise and excise taxes;

(3) "Relative" means a lineal descendant or lineal ancestor, a brother or sister or lineal descendant of a brother or sister, or an aunt or uncle or a lineal descendant of an aunt or uncle. For purposes of this part, a legally adopted child of an individual shall be treated as the child of such individual by blood; and

(4) "Student-employee" means a full-time employee of an employer who is also a student enrolled at an eligible postsecondary institution.

§49-4-1103.

(a) The grant program established by this part shall be administered by TSAC, which shall be responsible for determination of eligibility of students, the qualification of employers and for the distribution of funds appropriated by the general assembly for grants awarded under the program. In the event net proceeds from lottery revenues are insufficient to fund fully the scholarships and grants created by this part and part 9 of this chapter, then the TSAC is authorized to fund the scholarships and grants created by part 9 of this chapter before funding grants under this part. If scholarships and grants under part 9 of this chapter have been fully funded, but insufficient funding remains to fund fully grants under this part, then TSAC shall award grants under this part by funding first grants for which applications were filed first.

(b) THEC shall provide assistance to the general assembly and to TSAC by researching and analyzing data concerning the grant program created under this part, including, but not limited to, student success and grant use. THEC shall report its findings annually to the education committee of the senate and the education committee of the house of representatives before the second Tuesday in January.

(c) Postsecondary educational institutions that enroll students receiving grants under this part shall provide all information required by TSAC and THEC that is necessary for administering, reviewing, and evaluating such programs. TSAC and THEC

may choose to collect data from higher education institutions or through the University of Tennessee system, board of regents, or the Tennessee Independent Colleges and Universities Association. TSAC and THEC shall maintain confidentiality of individual student records in accordance with the Family Educational Right to Privacy Act.

§49-4-1104.

(a) A student-employee is ineligible for an employer reimbursement grant, if the student would be ineligible for postsecondary financial assistance from state lottery proceeds under any provision of §49-4-904.

(b) To be eligible for an employer reimbursement grant, a student-employee shall have been a Tennessee resident, as defined by regulations promulgated by the board of regents under §49-8-104, for one (1) year immediately preceding the date of application for a grant, or for the renewal of a grant.

§49-4-1105.

To be eligible for an employer reimbursement grant, a student-employee shall:

- (1) Be an employee of a qualified employer;
- (2) Not be a relative of a director or officer of the student-employee's employer or a director's or officer's spouse or former spouse;
- (3) Have not, at any time, been the recipient of a Tennessee HOPE scholarship or access grant;
- (4) Be admitted to an eligible postsecondary institution at which the student-employee is classified as a junior or senior with a declared major field of study;
- (5) Maintain satisfactory progress in a course of study, in accordance with the standards and practices used for federal Title IV programs at the postsecondary institution attended; and

(6) Apply together with the employer for an employer reimbursement grant after successfully completing a course for which a grant is sought.

§49-4-1106.

To be a qualified employer, an employer shall have:

(1) No more than one hundred (100) employees; and

(2) A written policy on file with TSAC for payment of tuition and fees for employee postsecondary education that is applicable to all eligible student-employees and that accommodates student-employees attempting to finish a baccalaureate degree by allowing flexible work schedules or other arrangements to permit a student-employee to take upper division courses in the student-employee's declared major field of study that may be offered infrequently or only at times that conflict with the regular work hours of the student-employee.

§49-4-1107.

(a) No student-employee shall receive employer reimbursement grants for more than seventy-two (72) semester hours, or eighty-eight (88) semester hours if a student-employee is enrolled in an undergraduate degree program required to be more than one hundred twenty (120) semester hours in length. No student-employee shall receive an employer reimbursement grant if the student-employee has obtained a baccalaureate degree at any postsecondary institution.

(b) Each course for which an employer reimbursement grant is requested shall be directly related to the student-employee's declared major field of study or apply as credit needed for graduation with a baccalaureate degree in the student-employee's declared major field of study.

§49-4-1108.

Upon successful completion of a course for which an employer reimbursement grant is sought, the student-employee and the qualified employer shall jointly submit an application to TSAC for reimbursement showing the amount that the employer paid for tuition and mandatory fees for the course or courses in which the student enrolled and for which reimbursement is sought. Such application shall be submitted no more than ninety (90) days after the end of the semester in which the student-employee successfully completed the course. No reimbursement shall be made to an employer prior to the employer's payment of tuition and fees.

§49-4-1109.

The reimbursement rate shall be fifty percent (50%) of tuition and mandatory fees for the course or courses for which reimbursement is sought, if the student attends an eligible public postsecondary institution. If the student attends an eligible independent postsecondary institution, the reimbursement shall be the lesser of fifty percent (50%) of tuition and mandatory fees for the course or courses for which reimbursement is sought or fifty percent (50%) of the average cost per credit hour for similar courses at all four-year eligible public postsecondary institutions, if the student-employee is enrolled in a four-year eligible independent postsecondary institution, or fifty percent (50%) of the average cost per credit hour for similar courses at all two-year eligible public postsecondary institutions, if the student-employees is enrolled in an two-year eligible independent postsecondary institution.

§49-11-1110.

No grant under this part shall be awarded for any course taken prior to the fall semester of 2006.

§49-4-111.

(a) TSAC is authorized to promulgate rules and regulations to effectuate the purposes of this act. All such rules and regulations shall be promulgated in accordance with the provisions of Tennessee Code Annotated, Title 4, Chapter 5.

(b) THEC is authorized to promulgate rules and regulations to effectuate the purposes of this act. All such rules and regulations shall be promulgated in accordance with the provisions of Tennessee Code Annotated, Title 4, Chapter 5.

(c) Costs incurred by TSAC and THEC in administering the educational program created under this part, which provides financial assistance to citizens of this state to attend postsecondary education institutions, shall be funded from the lottery for education account as part of such program.

§49-4-111.

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 2. Tennessee Code Annotated, Section 49-4-901, is amended by adding the language "and part 11 of this chapter" immediately after the words "the provisions of this part".

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.