

HOUSE BILL 2161

By Briley

AN ACT to enact the "Tennessee Twenty-First Century Scholars Initiative Act" and to amend Tennessee Code Annotated, Title 4, Chapter 51, Part 1 and Title 49.

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 following language as a new part:

§ 49-4-1101. This part shall be known and may be cited as the "Tennessee Twenty-First Century Scholars Initiative Act".

§ 49-4-1102. Net proceeds of the state lottery shall be used for the purposes set out in Tenn. Const. art. XI, § 5, and the provisions of this part. It is the intent of the general assembly that the scholarship initiative established under this part shall not create an entitlement to financial assistance to enable attendance at an eligible postsecondary institution for any student.

§ 49-4-1103. There is established a Tennessee twenty-first century scholars initiative, the purpose and goal of which is to:

- (1) Reduce the number of students who withdraw from high school before graduation;
- (2) Increase the number of students who are prepared to enter the workforce upon graduation;
- (3) Increase the number of students entering institutions of higher education;
- (4) Encourage eligible students to attend institutions of higher education by reducing the financial burden on the eligible students and their families;
- (5) Decrease drug and alcohol abuse by encouraging higher educational pursuits;

(6) Increase individual economic vitality; and

(7) Improve the overall quality of life for many Tennessee residents.

§ 49-4-1104. As used in this part, unless the context otherwise requires:

(1) "Academic year" means a period of time, typically nine (9) months, in which a full-time student is expected to complete the equivalent of at least two (2) semesters of academic work;

(2) "College scholar pledge" means the Tennessee twenty-first century college scholar pledge made in writing by a scholarship applicant when applying for or reapplying for continuation of a Tennessee twenty-first century scholarship;

(3) "Continuous enrollment" means a student is enrolled in the fall and spring semesters of a single academic year. Enrollment in summer semester or inter-session terms is not required;

(4) "Eligible postsecondary institution" means:

(A) An eligible public postsecondary institution as defined in § 49-4-902;

(B) An eligible independent postsecondary institution as defined in § 49-4-902; or

(C) An eligible proprietary postsecondary educational institution.

(5) "Eligible proprietary postsecondary educational institution" means a proprietary postsecondary educational institution that:

(A) Is authorized to operate in Tennessee by the Tennessee higher education commission;

(B) Offers educational programs leading to associate or baccalaureate degrees on a campus located in Tennessee; and

(C) Is accredited by an accrediting agency recognized by the United States department of education.

(6) "Eligible student" means a student who meets the requirements of and enters the Tennessee twenty-first century scholarship initiative with the intention of receiving a Tennessee twenty-first century scholarship upon enrollment in an eligible postsecondary institution;

(7) "FAFSA" means the Free Application for Federal Student Aid;

(8) "Full-time student" means a student attending a postsecondary educational institution and enrolled for at least twelve (12) semester hours during each semester of attendance;

(9) "Initiative" means the twenty-first century scholars initiative program established under this part;

(10) "Scholarship" means a Tennessee twenty-first century scholarship;

(11) "Scholarship applicant" means a student who is applying for a Tennessee twenty-first century scholarship;

(12) "Semester" means fall, spring or summer semester at a postsecondary institution, if the institution is on a semester system, or the equivalent, if the institution is on a system other than a semester system;

(13) "Student pledge" means the Tennessee twenty-first century student pledge made in writing by eligible students and their custodial parents or guardians;

(14) "THEC" means the Tennessee higher education commission;

(15) "Title IV" means Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070, et seq.;

(16) "TSAC" means the Tennessee student assistance corporation; and

(17) "Tuition scholarship" means financial assistance provided to a student to offset the costs of tuition and fees incurred by the student in attending an eligible postsecondary institution.

§ 49-4-1105.

(a) The scholarship initiative established by this part shall be administered by TSAC, which shall be responsible for determination of eligibility of scholarship applicants and for the distribution of funds appropriated by the general assembly for scholarships awarded under the scholarship initiative. In the event net proceeds from lottery revenues are insufficient to fully fund the scholarships created by this part, then TSAC is authorized to review and reduce the amount to be awarded for such scholarships.

(b) The department of education shall assist TSAC in the administration of the scholarship initiative by maintaining:

(1) The Tennessee twenty-first century student pledges;

(2) Records of community service performed to fulfill the requirements of the student pledge by juniors and seniors in high school as submitted annually by LEAs; and

(3) A comprehensive list of all eligible students.

(c) THEC shall provide assistance to the general assembly and to TSAC by researching and analyzing data concerning the scholarship initiative created under this part, including, but not limited to, student success and scholarship retention. 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.

(d) Institutions of higher education that enroll students receiving scholarships under this part shall provide all information required by TSAC and THEC that is necessary for administering, reviewing and evaluating the scholarship initiative. TSAC and THEC shall maintain confidentiality of individual student records in accordance with the Family Educational Right to Privacy Act.

§ 49-4-1106. A scholarship applicant is ineligible for a scholarship under this part, if the applicant is ineligible under any provision of § 49-4-904.

§ 49-4-1107. To become an eligible student entering into the Tennessee twenty-first century scholarship initiative, a student shall:

(1) Be a citizen and resident of Tennessee;

(2) Be enrolled in the eighth grade in a public school or a private school approved by the state board of education as a Category 1, 2 or 3 school in accordance with applicable rules and regulations;

(3) Be eligible for free or reduced priced lunches under the national school lunch program; and

(4) Execute in writing, together with the student's custodial parents or guardian, the Tennessee twenty-first century student pledge that requires the student to:

(A) Graduate from a high school located in Tennessee after successfully completing all high school requirements for admission to a postsecondary institution;

(B) Not illegally use controlled substances, as defined in title 39, chapter 17, part 4;

(C) Not illegally consume alcoholic beverages;

(D) Not commit an offense under title 55, chapter 10, part 4;

(E) Not commit any other crime or delinquent act;

(F) When the eligible student is a junior and senior in high school, perform one hundred (100) hours of community service per year;

(G) When the eligible student is a senior in high school, timely apply:

(i) To an eligible postsecondary institution for admission; and

(ii) For all federal and state student financial assistance available to the eligible student to attend an eligible postsecondary institution, including financial assistance available under the provisions of title 49, chapter 4, part 9; and

(H) Achieve a cumulative grade point average of at least 2.0 on a 4.0 grading scale, or its equivalent if another grading scale is used, for courses taken during grades nine (9) through twelve (12).

§ 49-4-1108.

(a) To qualify initially for a Tennessee twenty-first scholarship, a scholarship applicant shall:

(1) Have been an eligible student and fulfilled all requirements placed upon an eligible student, including those requirements of the student pledge;

(2) Be a citizen and resident of Tennessee;

(3) Have graduated from a high school located in Tennessee after successfully completing all high school requirements for admission to a postsecondary institution;

(4) Have applied to and been accepted to attend an eligible postsecondary institution as a full-time student;

(5) Have timely filed a FAFSA and sought all financial assistance available to the student from the federal or state government, including financial assistance available under the provisions of title 49, chapter 4, part 9;

(6) Execute in writing the Tennessee twenty-first century college scholar pledge that requires the applicant to;

(A) Not illegally use controlled substances as defined in title 39, chapter 17, part 4;

(B) Not illegally consume alcoholic beverages;

(C) Not commit any other crime or a delinquent act; and

(D) Perform one hundred (100) hours of community service per year; and

(7) Submit to TSAC all information and evidence required by TSAC to determine eligibility for a scholarship.

(b) After qualifying for a scholarship and upon enrollment in an eligible postsecondary institution, TSAC shall award the scholarship applicant a scholarship.

§ 49-4-1109. To continue to receive a Tennessee twenty-first century scholarship, a scholarship recipient shall:

(1) Be a student in good standing at the eligible postsecondary institution;

(2) Continue to meet all requirements for the scholarship, including performing the required hours of community service;

(3) Reapply for the award of the scholarship;

(4) File a FAFSA and seek all financial assistance available to the student from the federal or state government, including financial assistance available under the provisions of title 49, chapter 4, part 9; and

(5) Reaffirm the college scholar pledge.

§ 49-4-1110. A student who receives a Tennessee twenty-first century scholarship and attends an eligible postsecondary institution may transfer to another eligible postsecondary institution without loss of the scholarship, provided, that the student continues to meet all requirements for the scholarship. The scholarship award shall be the award applicable to the eligible postsecondary institution to which the student transferred.

§ 49-4-1111.

(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, a Tennessee twenty-first century scholarship awarded to a student attending an eligible public postsecondary institution shall be:

(1) If the student receives no other financial assistance specifically designated for tuition and fees, a full tuition scholarship to the eligible public postsecondary institution; or

(2) If the student receives other financial assistance specifically designated for tuition and fees, the balance required to attend the eligible public postsecondary institution not to exceed the amount calculated under subdivision (a)(1).

(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, a Tennessee twenty-first century scholarship awarded to a student attending an eligible independent postsecondary institution shall be:

(1) If the student receives no other financial assistance specifically designated for tuition and fees, the average of the full tuition scholarship amounts at all four-year eligible public postsecondary institutions, if the student is attending a four-year institution, or the average of the full tuition scholarship amounts at all two-year eligible public postsecondary institutions, if the student is attending a two-year institution; or

(2) If the student receives other financial assistance specifically designated for tuition and fees, the balance required to attend the eligible independent postsecondary institution not to exceed the amount calculated under subdivision (b)(1);

(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 twenty-first century scholarship awarded to a student attending an eligible proprietary postsecondary institution shall be:

(1) If the student receives no other financial assistance specifically designated for tuition and fees, the lesser of:

(A) The average of the full tuition scholarship amounts at all two-year eligible public postsecondary institutions; or

(B) The actual tuition and regularly assessed fees of the institution; or

(2) If the student receives other financial assistance specifically designated for tuition and fees, the balance required to attend the institution not to exceed the amount calculated in subdivision (c)(1).

§ 49-4-1112.

(a) A Tennessee twenty-first century scholarship recipient shall maintain continuous full-time enrollment at an eligible postsecondary institution to be eligible to receive the scholarship.

(b) A Tennessee twenty-first century 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 such student's education at an

eligible postsecondary institution so long as the student continues to meet all applicable eligibility requirements. Except for approved medical or personal leaves of absence, a Tennessee twenty-first century scholarship student shall be enrolled continuously as a full-time student at an eligible postsecondary institution.

(c) TSAC shall promulgate rules and regulations for approval of medical or personal leave and the grounds for which such leave may be granted. All such rules and regulations shall be promulgated in accordance with the provisions of the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

§ 49-4-1113. A Tennessee twenty-first century scholarship awarded under this part is renewable for a total scholarship award that does not exceed the equivalent of eight (8) semesters.

§ 49-4-1114. If an eligible student or scholarship applicant violates the student pledge or if a scholarship recipient violates the college scholar pledge, the eligible student, scholarship applicant, or scholarship recipient is disqualified from further consideration as a scholarship recipient under this part.

§ 49-4-1115. Each eligible postsecondary institution that participates in the scholarship initiative shall develop by September 1, 2012, specific mentoring programs for scholarship recipients under this part to assist the scholarship recipients through particularized academic and social counseling.

§ 49-4-1116. The Tennessee twenty-first century scholarship initiative shall commence with the eighth grade class enrolled in the fall semester of 2007.

§ 49-4-1117.

(a) TSAC is authorized to promulgate rules and regulations to establish deadlines for applications, appeal procedures for the denial or revocation of scholarships and to otherwise effectuate the purposes of this part. Notwithstanding the provisions of

§ 49-4-1106, TSAC may promulgate rules that include students who are in grades other than the eighth grade as eligible students. All such rules and regulations shall be promulgated in accordance with the provisions of the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

(b) TSAC shall promulgate rules and regulation to provide for repayment or partial repayment of a scholarship awarded to a student who subsequently withdraws from courses or from the postsecondary institution. Such rules shall be comparable to rules for repayment of other financial aid available to postsecondary students. No repayment shall be required if a full-time student withdraws from a course and such withdrawal does not reduce the student's course load below twelve (12) semester hours. All students shall be notified of the consequences of withdrawing from courses or from the institution when notified of the award of a scholarship. All such rules and regulations shall be promulgated in accordance with the provisions of the Uniform Administrative Procedures Act.

(c) THEC is authorized to promulgate rules and regulations to effectuate the purposes of this part. All such rules and regulations shall be promulgated in accordance with the provisions of the Uniform Administrative Procedures Act.

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

SECTION 2. Tennessee Code Annotated, Section 4-51-111(b), is amended by adding the following language as a new, appropriately designated subdivision:

(5)

(A) There is created within the lottery for education account a "twenty-first century scholars' subaccount". This subaccount is established to provide the financial resources necessary to award the tuition scholarships authorized by the twenty-first century scholars initiative pursuant to title 49, chapter 4, part 11. Notwithstanding any provision of this section to the contrary, treasurer's earnings on the subaccount shall be credited to the subaccount to be used in a manner consistent with this subdivision (b)(5)(A).

(B) Net lottery proceeds in the lottery for education account shall be transferred to the twenty-first century scholars' subaccount in fiscal year 2008-2009 and in each fiscal year thereafter to fund postsecondary financial assistance to be provided under title 49, chapter 4, part 11 for students who are Tennessee citizens and who became eligible students under § 49-4-1107 in the preceding fiscal year. Before December 15, 2007, and before December 15 in each succeeding year, the Tennessee student assistance corporation shall prepare a report setting forth an estimate of the total cost of lottery related financial assistance, including administrative costs, to be provided to students who have become or shall become eligible students under § 49-4-1107 upon entry into the eighth grade during the fiscal year in which the report is filed. Such estimate shall cover the total cost of lottery related financial assistance that shall be required to fund such students' education during eight (8) semesters of postsecondary education that a student is potentially eligible to receive a Tennessee twenty-first century scholarship. In making its estimate, the Tennessee student assistance corporation shall take into consideration program attrition rates and failure of students to retain scholarships as experienced in Tennessee and in other states with similar programs. The state funding board,

when it establishes its annual projected revenue range for net lottery proceeds for the next succeeding fiscal year, shall estimate the rate of earnings to be expected on the moneys to be transferred to the subaccount in such fiscal year that shall accrue prior to be used for funding for twenty-first century scholarships for students who became eligible students in the preceding fiscal year. One-fourth (1/4) the amount required to cover the cost estimated by the Tennessee student assistance corporation shall be transferred from the lottery for education account to the twenty-first century scholars' subaccount within fifteen (15) days of each deposit for the fiscal year by the corporation into the state treasury for credit to the lottery for education account. The amount so transferred in each installment shall be reduced in accordance with the calculation of the estimate of earnings that shall accrue to the subaccount from that installment of the transferred funds prior to the use of such moneys to fund twenty-first century scholarships for the class of students becoming eligible students in the preceding fiscal year.

SECTION 3. Tennessee Code Annotated, Title 49, Chapter 6, Part 7, is amended by adding the following language as a new, appropriately designated section:

§ 49-6-7\_\_.

(a) The department of education shall establish, administer and monitor a system of competitive grants for eligible organizations providing after school educational programs consistent with Tenn. Const. art. XI, § 5.

(b)

(1) The grants shall be available in any fiscal year in which the financial assistance program for attendance at postsecondary educational institutions located within this state is funded pursuant to chapter 4, part 9 of this title, and

excess funds are available from the lottery for education subaccount for other educational purposes and projects consistent with Tenn. Const. art. XI, § 5. In any such year, the governor may recommend, and the general assembly may appropriate, moneys for grants for pilot after school educational programs. The appropriations shall otherwise be made in the manner required by law for appropriations.

(2) The grants shall supplement, not supplant, non-lottery educational resources for after school educational programs and purposes.

(c)

(1) In accordance with rules and regulations promulgated by the state board of education and on the recommendation of the commissioner of education, grants shall be awarded to public schools, public charter schools, or public and not-for-profit organizations that propose to provide after school educational programs for eligible students of the Tennessee twenty-first scholarship initiative and students who are seeking to fulfill the requirements of the Tennessee twenty-first scholarship student pledge.

(2) An organization shall be eligible if the organization proposes to operate a program that provides:

(A) Academic tutoring and skills development in subjects that are prerequisites for high school courses required for college admissions;

(B) Mentoring that provides guidance to eligible students in fulfilling the Tennessee twenty-first century student pledge; and

(C) Enrichment activities that encourage eligible students to pursue higher education.

(d) The state board of education, on the recommendation of the commissioner of education, is authorized to promulgate rules and regulations to effectuate the provisions of this section. All rules and regulations shall be promulgated in accordance with the provisions of the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.