

Amendment No. 1 to HB2491

Brooks H

Signature of Sponsor

**AMEND Senate Bill No. 2471\***

**House Bill No. 2491**

by deleting the preamble of the bill and by substituting instead the following language:

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

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WHEREAS, these credentials need to be fully aligned with emerging workforce demands, 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 fifty-five percent (55%) 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 fifty-five percent (55%) 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,

AND FURTHER AMEND by deleting all language after the enacting clause and by substituting instead the following:

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; except that a student enrolled in a Tennessee college of applied technology shall be enrolled in accordance with the institution's requirements;

(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 institution offering an associate's degree, certificate or diploma located in this state and having its primary campus domiciled in this state;

(4) "Full-time student" means a student who is enrolled in a minimum of twelve (12) semester hours, or its equivalent at a Tennessee college of applied technology;

(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 § 49-8-104; 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 scholarship application for their initial year of enrollment in accordance with the schedule determined by TSAC. 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 at an eligible two-year or four-year postsecondary institution, a student shall maintain a minimum cumulative grade point average of 2.0 as set forth in the rules promulgated by TSAC. To continue to receive a Tennessee Promise scholarship at a Tennessee college of applied technology, a student shall maintain satisfactory academic progress as determined by the institution;

(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. In selecting outside organizations for participation in the Tennessee Promise scholarship program, TSAC shall give preference to locally established entities that meet designated standards specified by the program's promulgated rules and regulations;

(5) A Tennessee Promise scholarship at a Tennessee public two-year postsecondary institution or Tennessee college of applied technology 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 be the average cost of tuition and mandatory fees at the public two-year postsecondary institutions less all other gift aid, as defined in § 49-4-902. Gift aid shall be credited first to the average tuition and mandatory fees as described in subdivision (c)(5);

(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;

(8) A student shall be eligible for the Tennessee Promise scholarship until the occurrence of the first of the following events:

(A) The student has earned a diploma or associate's 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

(9) 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 endowment fund is created. The Tennessee Promise scholarship endowment fund shall be established and funded under the following terms and conditions:

(1) This fund shall be an irrevocable trust that the state treasurer shall administer. The attorney general and reporter shall approve the terms of the trust instrument. The trust shall consist of the Tennessee Promise endowment account and the Tennessee Promise scholarship special reserve account;

(2) The trustees of the trust shall be as follows:

(A) The governor;

- (B) The state treasurer;
- (C) The comptroller of the treasury;
- (D) The secretary of state; and
- (E) The commissioner of finance and administration;

(3) The state treasurer shall serve as the chair of the trustees and shall preside over all meetings and proceedings of the trustees;

(4) The trust may invest in any security or investment in which the Tennessee consolidated retirement system is permitted to invest; provided, that investments by the trust shall be governed by the investment policies and guidelines adopted by the trustees of the trust in accordance with the provisions of this part. The state treasurer shall be responsible for the investment and reinvestment of trust funds in accordance with the policies and guidelines established by the trustees;

(5) The trust shall be initially funded in fiscal year 2014-2015 by a deposit of:

(A) The program-generated revenues of TSAC invested as a part of the chairs of excellence endowment fund established by § 49-7-501 and pursuant to Chapter 98 of the Public Acts of 2013, and any income earned from the investment of such funds; and

(B) The balance of the lottery for education account established in accordance with § 4-51-111(b), but excluding the general shortfall reserve subaccount provided in § 4-51-111(b)(3) and the sum of ten million dollars (\$10,000,000);

(6) The initial deposit shall constitute the principal of the trust.

Subsequent transfers to the trust and trust income, as defined in this

section, shall not increase, or constitute an addition to, the principal of the trust, but shall be placed in the Tennessee Promise scholarship special reserve account provided in subdivision (d)(9);

(7) Beginning in fiscal year 2014-2015, all funds in the lottery for education account, established in § 4-51-111(b), in excess of sum of the general shortfall reserve subaccount provided in § 4-51-111(b)(3) and ten million dollars (\$10,000,000), shall be transferred on at least an annual basis to the Tennessee Promise scholarship special reserve account, or more frequently as determined by the state treasurer and the commissioner of finance and administration. 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. The Tennessee Promise scholarship special reserve account shall be a part of the trust, and the funds in the special reserve account may be commingled with, co-invested with, and invested or reinvested with the other assets of the trust;

(8) The principal of the trust shall not be expended for any purpose. Trust income shall be expended only to fund the Tennessee Promise scholarship program and pay expenses incurred in administering and investing the trust assets. Trust income means the income from the trust's investment portfolio from whatever source derived, including, but not limited to, interest, dividends, and realized capital gains or losses;

(9) Any trust income not allocated or distributed to the beneficiaries of the Tennessee Promise scholarship program shall be

maintained in a Tennessee Promise scholarship special reserve account and may be subject to future allocations and distributions in accordance with this section;

(10) Any funds transferred for the Tennessee Promise scholarship program after the initial deposit in subdivision (d)(5), including matching funds or future appropriations made by the general assembly, shall be placed in the Tennessee Promise scholarship special reserve account of the trust. Unexpended funds remaining in the trust in any fiscal year, whether principal or funds in the Tennessee Promise scholarship special reserve account shall not revert to the general fund;

(11) The funds transferred to this trust may be commingled with, co-invested with, and invested or reinvested with other assets transferred to the trust. All or a portion of the trust may be invested, reinvested and co-invested with other funds, not a part of the trust, which are held by the state treasurer, including, but not limited to, assets of the Tennessee consolidated retirement system and the state pooled investment fund established pursuant to title 9, chapter 4, part 6. The state treasurer shall account for such trust funds in one (1) or more separate accounts in accordance with this section and other law; and

(12) Notwithstanding any provision of the law to the contrary, all funds placed in the Tennessee Promise scholarship special reserve account shall be available for allocation and distribution as authorized herein only to the extent that funds are available in the Tennessee Promise scholarship special reserve account, and the state shall not be liable for any amount in excess of such sum. All requests for withdrawals for the payment of program funding that are presented to the state

treasurer shall be used only to fund the Tennessee Promise scholarship program. Such requests for withdrawals shall not be commingled with requests for withdrawals presented to the state treasurer for any other purpose, and the individual or entity requesting the withdrawal of funds shall attest to the same upon presentation of the request for withdrawal to the state treasurer.

(e) TSAC and the Tennessee higher education commission shall provide assistance to the general assembly by researching and analyzing data concerning the scholarship program created under this part, including, but not limited to, student success and scholarship retention. TSAC shall report its findings annually to the education committee of the senate and the education committee of the house of representatives by March 15.

(f) The comptroller of the treasury, through the comptroller's office of research and education accountability, shall review and study the Tennessee Promise scholarship program to determine the effectiveness of the program. The study shall be done in the third year of the program and every four (4) years thereafter. The comptroller of the treasury shall report the findings and conclusions of the study to the speakers of the senate and house of representatives and the members of the education committees of the senate and the house of representatives.

(g) The TSAC board of directors shall appoint a special advisory committee comprised of representatives from existing college access programs in the state. The committee shall take steps necessary to eliminate barriers to access to scholarships and hold mentoring organizations to the highest standard in serving the students receiving the scholarship. Members of the committee shall serve without compensation.

SECTION 2. TSAC is authorized to promulgate rules to effectuate the purposes of Section 1 of this act, including the determination of student eligibility and for the distribution of funds appropriated for scholarships under the program. Such rules shall include adjustments to scholarship amounts and student eligibility in the event that net proceeds from the trust account established under this section are insufficient to fund fully the Tennessee Promise scholarship program. 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 deleting subdivision (24) in its entirety.

SECTION 4. 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 5. Tennessee Code Annotated, Section 49-4-913, is amended by deleting subsections (b), (c), and (d) in their entireties and by substituting instead the following language:

(b) Notwithstanding subsection (a), 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) full-time equivalent 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 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 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 subsections (b) and (c), 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 6. 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 seven hundred fifty dollars (\$1,750) 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 two hundred fifty dollars (\$2,250) 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 7. 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 subsection (a), 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 49-4-920, is amended by deleting subsection (g) and by substituting instead the following language:

(g) Notwithstanding subsection (f), a student who first receives a Tennessee HOPE scholarship after having received a Tennessee HOPE access grant 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 9. 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 10. Tennessee Code Annotated, Section 49-4-923, is amended by adding the following language:

(a) This section shall be known and may be cited as the "Wilder-Naifeh Reconnect" grant.

(b) To be eligible for a Wilder-Naifeh reconnect 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);
- (2) Be admitted to the institution in a program of study leading to a certificate or diploma;
- (3) Complete and file the FAFSA. Students shall complete the FAFSA each academic year in which they seek to receive the Wilder-Naifeh reconnect grant; and
- (4) Be an independent student as determined by the FAFSA.

(c) A student who receives a Wilder-Naifeh reconnect grant under this section shall be enrolled full-time as defined in § 49-4-708. If a student fails to maintain satisfactory academic progress, then the student shall lose the Wilder-Naifeh reconnect grant. Once a student loses a Wilder-Naifeh reconnect grant, no additional award under this section shall be made.

(d) A student who has been awarded a Wilder-Naifeh reconnect grant shall maintain continuous enrollment at the institution in accordance with the institution's requirements.

(e) A student shall reapply each academic year for the Wilder-Naifeh reconnect grant.

(f) An eligible student may receive a Wilder-Naifeh reconnect grant for all course work required by the institution for a program of study leading to a certificate or diploma. Wilder-Naifeh reconnect grants may not be used for continuing education courses.

(g) 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 reconnect 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 gift aid, which shall be credited first to the student's tuition and mandatory fees.

(h) No student shall be eligible for more than one (1) Wilder-Naifeh reconnect grant.

SECTION 11. 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 12. 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.