

Tuition-Free Community College

The Act will effectively make tuition free for all high school graduates who go to a two-year college. Participating students will have to maintain a 2.0 grade point average, attend mandatory meetings, work with a mentor, and perform community service. The program, expected to cost \$34 million per year, will be paid for using \$300 million in excess lottery reserve funds and by creating a \$47 million endowment.

Submitted as:

Tennessee

[SB 2471 \(Section 1-2\)](#)

Status: Signed into law on May 12, 2014.

Suggested State Legislation

(Title, enacting clause, etc.)

- 1 Section 1. [*Tennessee Promise Scholarship Program.*]
2 (a) As used in this section:
3 (1) “Continuous enrollment” means a student is enrolled in the fall and spring semesters of a
4 single academic year. Enrollment in summer semester or inter-session terms is not
5 required;
6 (2) “Eligible high school” means
7 (A) A [Tennessee] public secondary school;
8 (B) A private secondary school that is located in this state and is approved by the state
9 board of education as a Category 1, 2 or 3 secondary school in accordance with the
10 applicable rules and regulations;
11 (C) A secondary school operated by the United States department of defense on a military
12 base that is located in whole or in part in this state;
13 (D) An out-of-state public secondary school located in a county bordering this state that
14 [Tennessee] residents are authorized to attend under [Insert citation]; or
15 (E) An out-of-state boarding school accredited by a regional accrediting association that
16 is attended by a bona fide [Tennessee] resident;
17 (3) “Eligible postsecondary institution” means a [Tennessee] public college or university, a
18 [Tennessee] college of applied technology, or a regionally accredited four-year private,
19 non-profit institution located in this state and having its primary campus domiciled in this
20 state;
21 (4) “Full-time student” means a student attending a postsecondary educational institution and
22 enrolled for at least twelve (12) semester hours during each semester of attendance ;
23 (5) “Gift aid” means scholarships and grants from any source that do not require repayment,
24 including funds provided through the federal Foster Care Independence Act of 1999,
25 compiled generally in title 42 U.S.C., and other similar programs. Student loans and
26 work-study awards shall not be considered gift aid;
27 (6) “Home school student” means a student who completed high school in a [Tennessee]
28 home school associated with a church-related school as defined by [Insert citation
29 (church-related schools)] or an independent home school student whose parent or

- 1 guardian has given notice to the local director of a [Tennessee] school district under
2 [Insert citation (homeschool law)] of intent to conduct a home school;
- 3 (7) “Resident” means a student as defined by regulations promulgated by the board of
4 regents under [Insert citation]; and
- 5 (8) “TSAC” means the [Tennessee] student assistance corporation.
- 6 (b) TSAC shall administer the [Tennessee] Promise Scholarship Program for [Tennessee]
7 residents seeking an associate’s degree, certificate or diploma from an eligible postsecondary
8 institution under the following terms and conditions:
- 9 (1) To be eligible for the scholarship a student shall be admitted to and enrolled full-time in
10 an eligible postsecondary program in the fall term following graduation from an eligible
11 high school, or completion of high school as a [Tennessee] home school student, or
12 obtaining a GED® or HiSET® diploma; provided, that the student obtains the GED® or
13 HiSET® diploma prior to the student reaching nineteen (19) years of age. Exceptions to
14 initial enrollment may be made for extenuating circumstances as provided in rules and
15 regulations promulgated by TSAC;
- 16 (2) Students applying for the scholarship shall complete the [Tennessee] Promise application
17 in their initial year of enrollment. Students shall complete the free application for federal
18 student aid (FAFSA) each academic year in which they seek to receive the [Tennessee]
19 Promise Scholarship;
- 20 (3) To continue to receive a [Tennessee] Promise Scholarship, a student shall maintain
21 satisfactory academic progress as determined by the rules and regulations promulgated by
- 22 (4) Scholarship recipients shall participate in mentoring and community service programs
23 under the rules and regulations promulgated by TSAC. TSAC shall develop the selection
24 and renewal criteria for students and shall have the authority to work with outside
25 organizations to develop the most effective means for delivering the scholarships;
- 26 (5) Subject to the amounts appropriated by the general assembly, a [Tennessee] Promise
27 Scholarship shall be the cost of tuition and mandatory fees at the eligible postsecondary
28 institution attended less all other gift aid. Gift aid shall be credited first to the student’s
29 tuition and mandatory fees;
- 30 (6) Notwithstanding subdivision (b)(5), the amount of the [Tennessee] Promise Scholarship
31 at an eligible four-year public postsecondary institution or an eligible private institution
32 shall not exceed the average cost of tuition and mandatory fees at public two-year
33 postsecondary institutions;
- 34 (7) A [Tennessee] Promise Scholarship student who has an approved medical or personal
35 leave of absence from an eligible postsecondary institution may continue to receive the
36 scholarship upon resuming the student’s education at an eligible postsecondary institution
37 so long as the student continues to meet all applicable eligibility requirements. The sum
38 of all approved leaves of absence shall not exceed six (6) months. The student shall be
39 eligible for the scholarship until the occurrence of the first of the following events:
40 (A) The student has earned a certificate, diploma, or associate degree; or
41 (B) The sum of the number of years the student attended a postsecondary institution,
42 exclusive of approved leaves of absence, equals two and one-half (2½) years from the
43 date of the student’s initial enrollment at an eligible postsecondary institution; and
- 44 (8) Except for a medical or personal leave of absence, as approved by an eligible
45 postsecondary institution, a [Tennessee] Promise Scholarship student shall maintain
46 continuous enrollment at an eligible postsecondary institution.

1 (c) The [Tennessee] Promise Scholarship program shall be funded under the following terms and
2 conditions:

- 3 (1) There is established an endowment for the purpose of funding the [Tennessee] Promise
4 Scholarship, which shall be funded from program-generated revenues of the TSAC and
5 shall be invested as a part of the chairs of excellence endowment fund established by
6 [Insert citation], the intermediate-term investment fund established by [Insert citation], or
7 the state pooled investment fund established by [Insert citation]. To the extent that the
8 endowment is invested in the chairs of excellence endowment fund, the chairs of
9 excellence endowment fund shall serve exclusively as an investment vehicle;
10 accordingly, the chairs of excellence program and funding requirements shall not apply;
- 11 (2) In addition to the endowment described in subdivision (c)(1) there is established an
12 additional endowment for the purpose of funding the [Tennessee] Promise Scholarship,
13 which shall be funded from the lottery for education account established in [Insert
14 citation]. Such endowment shall be established as a separate account in the state treasury.
15 Moneys in this endowment shall be invested by the state treasurer pursuant to [Insert
16 citation] for the sole benefit of that fund;
- 17 (3) Beginning in fiscal year [2014-2015], all funds in the lottery for education account, in
18 excess of ten million dollars (\$10,000,000) shall be transferred on a quarterly basis to the
19 [Tennessee] Promise Scholarship endowment described in subdivision (b)(2). Such
20 transfers shall occur after all required expenditures have been made for [Tennessee]
21 education lottery scholarship programs, [Tennessee] student assistance awards, and
22 administrative expenses, and after any required deposits into the general shortfall reserve
23 subaccount have been made; and
- 24 (4) Funds appropriated for the [Tennessee] Promise Scholarship program, including
25 matching funds or other appropriations made by the general assembly, may be placed in
26 an endowment fund created solely for the program, the interest income from which shall
27 be used to provide scholarships under this section. The corpus of each endowment
28 established under this section shall not be expended. Unexpended funds remaining in
29 each endowment in any fiscal year shall not revert to the general fund, but shall remain
30 available in the [Tennessee] Promise Scholarship program for scholarship expenditures in
31 subsequent fiscal years.

32
33 Section 2. *[Rules.]*

34 TSAC is authorized to promulgate rules to effectuate the purposes of Section 1 of this act.

35 All such rules shall be promulgated in accordance with [Insert citation].