

HOUSE BILL 597

By Parkinson

AN ACT to amend Tennessee Code Annotated, Title 49,
relative to student athletes.

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

SECTION 1. Tennessee Code Annotated, Title 49, Chapter 7, is amended by adding Sections 2 through 6 of this act as a new part.

SECTION 2. As used in this part:

- (1) "Fiscal year" means the twelve-month period of July 1 through the following June 30;
- (2) "NCAA" means the National Collegiate Athletic Association;
- (3) "Reasonably anticipates that a student athlete will graduate during the next fiscal year" means that a student athlete's academic progress, when compared with the average academic progress of student athletes who graduated in the previous fiscal year, indicates that the student athlete will fulfill all academic requirements for graduation in the next fiscal year by successfully completing a number of classes that is equal to or less than the average number of classes taken by student athletes who graduated from that institution in the previous fiscal year;
- (4) "Tier 1" includes baseball, basketball, football, and track and field; and
- (5) "Tier 2" includes all intercollegiate athletic sports that are not included in Tier 1 in which a public four-year postsecondary institution participates as a member of the NCAA at the Division I level, or participates at an equivalent level in any successor organization to the NCAA.

SECTION 3.

(a) By March 1, 2018, and March 1 of each year thereafter, each public four-year postsecondary institution that participates in intercollegiate athletic competition as a member institution of the NCAA at the Division I level, or that participates in such competition at an equivalent level in any successor organization to the NCAA, shall report to the state treasurer the number of students who participate in each tier of NCAA Division I intercollegiate athletics, or who participate in each tier of intercollegiate athletics at an equivalent level in any successor organization to the NCAA, and who the institution reasonably anticipates will graduate with a baccalaureate degree from that institution during the next fiscal year. A student athlete shall be counted only once for each tier of intercollegiate athletics in which the student athlete participates, regardless of the number of sports within each tier in which the student athlete participates. A student who previously exhausted the student's eligibility to participate in intercollegiate athletics while enrolled at the public four-year postsecondary institution from which the student is reasonably expected to graduate shall be counted in the institution's report whether or not the student is graduating within four (4) years of enrollment at the institution.

(b) On March 1, 2016, and March 1 of each year thereafter, each public four-year postsecondary institution that participates in intercollegiate athletic competition as a member institution of the NCAA at the Division I level, or that participates in such competition at an equivalent level in any successor organization to the NCAA, shall remit one percent (1%) of the gross revenue that was generated from ticket and merchandise sales and broadcast licensing agreements by its athletic department during the immediately preceding calendar year for deposit in the student athlete graduation grant fund, created by Section 4 of this act.

SECTION 4.

(a) The student athlete graduation grant fund is established as a special account in the state general fund. The purpose of the graduation grant fund is to provide a

source of funding for graduation grants to student athletes who graduate from a public four-year postsecondary institution located in this state.

(b) Moneys in the graduation grant fund shall be invested by the state treasurer, in accordance with applicable general law, except as modified by this part. The state treasurer shall hold the graduation grant fund separate and apart from all other moneys, funds, and accounts.

(c)

(1) Beginning in 2020, the state treasurer shall, from the principal balance in the graduation grant fund, annually remit a payment to each public four-year postsecondary institution in an amount equal to the amount that the institution paid into the graduation grant fund as required by Section (3)(b) of this act for the calendar year four (4) years prior to the current calendar year.

(2) Any income resulting from investment of the total revenue generated from the payments required by Section (3)(b) of this act remaining unexpended on the last day of February of each year shall not be returned to the institutions, shall not revert to the general fund, and shall be carried forward into the subsequent fiscal year to be used for the purposes of this part.

(d) Moneys in the graduation grant fund shall be expended only in accordance with, and for the purposes stated in, this part. No part of the fund shall be diverted to the general fund or any other public fund for any purpose whatsoever.

SECTION 5.

(a) By May 15, 2018, and May 15 of each year thereafter, the state treasurer shall calculate the amount of graduation grants that shall be made available to student athletes statewide who graduate from a public four-year postsecondary institution located in this state during the next fiscal year by dividing by four (4) the gross income

resulting from investment of the statewide, total revenue generated during the immediately preceding four (4) calendar years that was forwarded to the state treasurer for deposit in the student athlete graduation grant fund pursuant to Section (3)(b) of this act, and then dividing the quotient by the total number of student athletes in both tiers whose anticipated graduation during the next fiscal year is reported to the state treasurer pursuant to Section (3)(a) of this act; provided, that the maximum graduation grant for a Tier 1 sport shall not exceed fifty thousand dollars (\$50,000) and the maximum graduation grant for a Tier 2 sport shall not exceed twenty-five thousand dollars (\$25,000).

(b) The state treasurer shall publish the amount of graduation grants that shall be made available to student athletes who graduate from a public four-year postsecondary institution located in this state during the next fiscal year, as calculated under subsection (a), in a prominent location on the state treasurer's web site.

(c) By June 30, 2018, and June 30 of each year thereafter, the state treasurer shall remit to each public four-year postsecondary institution that complies with Section 3 of this act a payment equal to the amount calculated under subsection (a) multiplied by the number of student athletes in both tiers whose anticipated graduation during the next fiscal year was reported by such institution to the state treasurer pursuant to Section (3)(a) of this act.

(d)

(1) Beginning January 1, 2019, any public four-year postsecondary institution that receives a payment pursuant to subsection (c) shall provide a graduation grant to any student athlete who applies for a graduation grant within one hundred twenty (120) days of the student's graduation date and who, through participation in intercollegiate athletics while enrolled in any public four-

year postsecondary institution located in this state, fully exhausted all of the student athlete's eligibility to participate in NCAA Division I intercollegiate athletics, or to participate in intercollegiate athletics at an equivalent level in any successor organization to the NCAA, and who graduates within the fiscal year for which the graduation grant was remitted, in an amount equal to the amount calculated under subsection (a).

(2) For any student athlete who would qualify for a graduation grant under subdivision (d)(1), except for the fact that the student athlete exhausted a portion, but not all, of the student athlete's eligibility to participate in NCAA Division I intercollegiate athletics, or to participate in intercollegiate athletics at an equivalent level in any successor organization to the NCAA, at another higher education institution prior to transferring to a public four-year postsecondary institution located in this state at which the student athlete exhausted the remainder of the student athlete's eligibility to participate in NCAA Division I intercollegiate athletics, or to participate in intercollegiate athletics at an equivalent level in any successor organization to the NCAA, and from which the student athlete graduates, the amount of the graduation grant shall be prorated by dividing the amount of the graduation grant to which a graduating student athlete would be entitled under subdivision (d)(1) by the number of years of eligibility permitted by the NCAA, or any successor organization to the NCAA, and multiplying the quotient by the number of years in which the student athlete participated in NCAA Division I intercollegiate athletics, or intercollegiate athletics at an equivalent level in any successor organization to the NCAA, at the public four-year postsecondary institution from which the student athlete graduates.

(3) Each student athlete who is entitled to receive a graduation grant under subdivision (d)(1) or (d)(2), and who applies for such grants, shall receive a graduation grant for each tier of athletics in which the student athlete meets the eligibility requirements; provided, that no student athlete shall receive more than one (1) graduation grant for each tier of athletics regardless of the number of sports within each tier in which the student athlete participated.

(4) The graduation grants required by this section shall not be made to any person until such person has completed all graduation requirements.

(e) If a public four-year postsecondary institution that receives a payment pursuant to subsection (c) does not expend the full amount of the payment that it receives for any fiscal year by issuing graduation grants to student athletes who graduate in that fiscal year, then any unexpended amount shall be returned to the student athlete graduation grant fund created by Section 4 of this act by the next March 1 immediately succeeding the conclusion of the fiscal year for which the payment was made.

SECTION 6. The state treasurer shall provide written notice to the chair of the education committee of the senate and the chairs of both education committees of the house of representatives if the principal in the student athlete graduation grant fund reaches an amount that the state treasurer considers sufficient to perpetually fund the student athlete graduation grants without requiring the remittances required by Section 3(b) of this act.

SECTION 7. The Tennessee higher education commission shall promulgate rules to effectuate the purposes of this act, including, but not limited to, rules for the graduation grant application procedure. All such rules shall be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

SECTION 8. This act shall take effect July 1, 2015, the public welfare requiring it.