

SENATE BILL 1937

By Haile

AN ACT to amend Tennessee Code Annotated, Title 4; Title 49 and Title 50, relative to financial aid for individuals pursuing workforce credentials.

WHEREAS, Tennessee employers are experiencing critical shortages in several key industry sectors including advanced manufacturing, building and construction, health and life sciences, information and business technology, and transportation and logistics; and

WHEREAS, expanding educational access to individuals seeking credentials in high demand fields is critical to filling existing job openings and to supporting this State's ongoing economic development efforts; and

WHEREAS, many credentialing institutions cater to individuals seeking a career change quickly by offering flexible programming that allows the individual to continue working in their current job while they are pursuing a new workforce credential; and

WHEREAS, the success of such programs has already been realized in this State. For example, in Memphis, Tech901 graduates report starting salaries that average \$20,000 higher than their pre-training level salaries, and eighty-nine percent of employed Tech901 graduates remain employed in information technology for an average thirty months and counting; and

WHEREAS, currently, these institutions primarily rely on philanthropic or corporate giving to keep tuition low enough for career changing adults to enroll, which is an unsustainable funding model for long term success; and

WHEREAS, this State should dedicate funding in areas that can immediately address workforce needs and generate a return on investment for this State; and

WHEREAS, the governor and the General Assembly have recognized that doing nothing to address workforce shortages is not an option, and that it is important that this State bring mid-

career adults into the workforce to meet industry demands as the average graduating class is not robust enough to fill all high-demand jobs that are open in this State; and

WHEREAS, awarding grants to qualified individuals through a program administered by the Department of Labor and Workforce Development that allows such individuals to attend a qualified educational institution that provides a pathway for mid-career adults to obtain a high-value industry recognized credential is beneficial to this State; now, therefore,

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

SECTION 1. Tennessee Code Annotated, Title 4, Chapter 3, Part 14, is amended by adding the following as a new section:

**4-3-1413.**

(a) There is created a high-value workforce readiness board. The board is administratively attached to the department of labor and workforce development.

(b) The board shall:

(1) Annually identify high-demand fields in this state for which increasing access to industry-recognized credentials would benefit the workforce climate of this state. The board shall consider the industry demands of this state using the Jobs4TN.gov database as a guide, and the average wages or salary of individuals who are currently employed in high-demand fields in identifying high-demand fields for purposes of § 49-4-703;

(2) Identify the skill sets required for an individual to succeed in each high-demand field identified by the board pursuant to subdivision (b)(1);

(3) Annually recommend to the department of labor and workforce development a list of the qualified institutions, as defined in § 49-4-703, that offer workforce programs in high-demand fields for purposes of the high value

workforce readiness grant program established in § 49-4-703. The board shall consider the following metrics when recommending qualified institutions:

(A) Program content and completion data; and

(B) Program job placement data;

(4) Annually determine the grant amount per contact hour for each high-value workforce readiness grant awarded pursuant to § 49-4-703; and

(5) Conduct or direct the research required for the department of labor and workforce development to prepare the report required in § 49-4-703(f).

(c) The board consists of the following nine (9) members:

(1) Two (2) members appointed by the governor who:

(A) Work in a high-demand industry in this state; or

(B) Operate or are employed at a qualified institution in which an individual must be enrolled to receive a grant pursuant to § 49-4-703;

(2) Two (2) members appointed by the speaker of the senate who are workforce development professionals in this state;

(3) Two (2) members appointed by the speaker of the house of representatives who have successfully completed a non-credit bearing credentialing program;

(4) The commissioner of the department of economic and community development, or the commissioner's designee;

(5) The commissioner of the department of labor and workforce development, or the commissioner's designee; and

(6) The executive director of the Tennessee higher education commission, or the executive director's designee.

(d)

(1) Appointed members serve a term of two (2) years. Board members may be reappointed; provided, that the member meets the qualifications required for the respective appointment under subsection (c) at the time of appointment.

(2) Vacancies on the board must be filled in the same manner as the original appointment. An appointment to fill a vacancy occurring before the expiration of a term is for the remainder of the unexpired term.

(e) A majority of the members of the board constitutes a quorum. The commissioner of labor and workforce development, or the commissioner's designee, serves as the chair of the board. The board shall meet at the call of the chair.

(f) The business of the board must be conducted at meetings held in compliance with title 8, chapter 44. All records of the board must be made available to the public in compliance with title 10, chapter 7.

(g) Members of the board serve without compensation, but may receive reasonable reimbursement for actual and necessary travel expenses in accordance with the travel regulations promulgated by the department of finance and administration and approved by the attorney general and reporter.

SECTION 2. Tennessee Code Annotated, Title 49, Chapter 4, Part 7, is amended by adding the following as a new section:

**49-4-703.**

(a) As used in this section:

(1) "Ability to benefit test" means a test approved by the department that is administered to an individual to determine whether the individual possesses the competencies necessary to benefit from postsecondary education;

(2) "Commission" means the Tennessee higher education commission;

(3) "Department" means the department of labor and workforce development;

(4) "High-demand field" means a high-demand field identified by the high value workforce readiness board pursuant to § 4-3-1413;

(5) "Qualified institution" means a private, nonprofit technical school that is located in this state and that:

(A) Offers coursework to enrolled students that is designed to prepare students for passage of an industry-recognized credential exam, and such coursework constitutes at least fifty percent (50%) of the coursework provided by the school and is offered to enrolled students in an in-person or synchronous online instructional setting;

(B) Requires students enrolled in the coursework described in subdivision (a)(3)(A) to take an industry-recognized credential exam for the students' respective program in order to be eligible for graduation;

(C) Is audited annually by an independent certified public accountant or public accountant; and

(D) Has continuously operated in this state as a private, nonprofit technical school for no less than the three-year-period immediately preceding the date on which the school first became eligible to receive grant funds awarded to students pursuant to this section; and

(6) "Qualified student" means a resident of this state who:

(A) Has obtained a high school diploma, but who has not earned an associate or baccalaureate degree;

(B) Has not obtained a high school diploma or a high school equivalency credential approved by the state board of education, but who

has demonstrated workforce readiness by earning a passing score on the ability to benefit test approved by the department; or

(C) Earned an associate or baccalaureate degree five (5) or more years before the date on which the individual applies for a grant pursuant to this section, if the individual is employed and:

(i) Reported for the year immediately preceding the year in which the individual submits an application for a grant pursuant to this section, an income that did not exceed seventy-five percent (75%) of the median income earned by Tennessee residents who were employed in this state for the respective year, as calculated and reported by the department of labor and workforce development; and

(ii) Is not employed in the field or industry for which the individual will complete a program of coursework at a qualified institution for purposes of obtaining a new credential.

(b) The department shall administer a high-value workforce readiness grant program to award grants to qualified students who are enrolled in a qualified institution approved by the commission. The commission shall not approve a qualified institution for purposes of this section unless the qualified institution:

(1) Submits to the commission:

(A) The syllabus for each course required in each workforce program offered by the qualified institution; and

(B) The credentials of each instructor that teaches coursework to students enrolled in the qualified institution's workforce programs; and

(2) Obtains a surety bond in the amount required by the commission.

(c)

(1) The department shall award grants to qualified students who are enrolled in a workforce program at a qualified institution that meets the requirements of subsection (b) for the qualified student to obtain a credential in a high-demand field, if the qualified student:

(A) Submits a grant application to the department;

(B) Only uses grant funds received pursuant to this section to obtain a workforce credential in a high-demand field;

(C) Maintains continuous enrollment in the qualified institution;

(D) Maintains satisfactory academic progress for the qualified student's selected workforce program, as determined by the qualified institution, in conjunction with the department and the commission; and

(E) Has not attempted more than one hundred seventy-five (175) contact hours at a qualified institution while receiving a grant under this section.

(2) A qualified student is not required to complete the FAFSA, as defined in § 49-4-902, in order to be eligible for a grant awarded pursuant to this section.

(d)

(1) The department shall award a qualified student who meets the requirements of this section, and who enrolls in a qualified institution that meets the requirements of subsection (b), a grant in the amount determined by the high-value workforce readiness board pursuant to § 4-3-1413.

(2) The department shall not award grant funds to a qualified student pursuant to this section until the student completes twenty percent (20%) of a course required for the qualified student's selected program of study, at which

time the department shall award the student fifty percent (50%) of the grant award amount for the course. The department shall award the qualified student the remaining fifty percent (50%) of the grant award amount for the course when the student completes one hundred percent (100%) of the course.

(e) Notwithstanding § 4-3-1413 and subsection (d), and subject to appropriation, the department may adjust the grant amount that may be awarded to a qualified student per contact hour based on program utilization and need.

(f)

(1) The department shall submit a report on the effectiveness of the high-value workforce readiness grant program to the governor and the general assembly no later than October 31, 2027, and by each October 1 thereafter.

(2) The report must include:

(A) For grant recipients:

- (i) Graduation rates;
- (ii) Job placement rates;
- (iii) Program retention rates; and
- (iv) Wage or salary increases;

(B) The effect the grant program has had on the high-demand fields and workforce in each region in which grants have been awarded;

(C) The total cost of the grant program; and

(D) Any recommended adjustments to:

- (i) The annual state appropriations to the department for purposes of the grant program; and
- (ii) The grant amount awarded per contact hour.



SECTION 3. The department of labor and workforce development and the Tennessee higher education commission may promulgate rules to effectuate this act. The rules must be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in Title 4, Chapter 5, of the Tennessee Code Annotated.

SECTION 4. Sections 1 and 3 of this act take effect upon becoming a law, the public welfare requiring it. Section 2 of this act takes effect July 1, 2024, the public welfare requiring it.