

HOUSE BILL 785

By White

AN ACT to amend Tennessee Code Annotated, Title 4,  
Chapter 49; Title 37, Chapter 5, Part 5; Title 49  
and Title 71, Chapter 3, relative to early learning.

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

SECTION 1. Tennessee Code Annotated, Section 4-49-104(e), is amended by deleting subdivision (1) and substituting instead the following:

(1)

(A) For fiscal year 2023-2024:

(i) Sixty percent (60%) of the privilege tax collected under this section must be distributed by the council to the state treasurer for deposit into the promising futures account administered by the department of education to provide funding for the promising futures scholarship program established in § 49-1-1111(j); and

(ii) Twenty percent (20%) of the privilege tax collected under this section must be distributed by the council to the state treasurer for deposit into the lottery for education account created under § 4-51-111.

(B) For fiscal year 2024-2025:

(i) Seventy percent (70%) of the privilege tax collected under this section must be distributed by the council to the state treasurer for deposit into the promising futures account administered by the department of education to provide funding for the promising futures scholarship program established in § 49-1-1111(j); and

(ii) Ten percent (10%) of the privilege tax collected under this section must be distributed by the council to the state treasurer for deposit into the lottery for education account created under § 4-51-111.

(C) For fiscal year 2025-2026 and each fiscal year thereafter, eighty percent (80%) of the privilege tax collected under this section must be distributed by the council to the state treasurer for deposit into the promising futures account administered by the department of education to provide funding for the promising futures scholarship program established in § 49-1-1111(j).

SECTION 2. Tennessee Code Annotated, Title 49, Chapter 1, Part 11, is amended by adding the following as a new section:

**49-1-1111. Scholarship program for children to participate in high-quality early care and learning programs.**

(a) As used in this section, "high-quality early care and learning program" means:

(1) A child care agency licensed by the department of human services pursuant to title 71, chapter 3, part 5 that meets the high-quality qualifications developed by the department of education pursuant to subdivision (e)(9)(B); and

(2) A child care center approved by the department of education that meets the high-quality qualifications developed by the department pursuant to subdivision (e)(9)(B).

(b) The department of education shall create and, by July 1, 2024, implement the promising futures program to provide scholarships to assist parents and legal guardians of children who are not school age to develop early language and literacy skills in high-quality early care and learning programs.

(c) To be eligible to receive a promising futures scholarship, a parent's or legal guardian's child must:

(1) Be no less than six (6) weeks of age and not eligible to attend a public school pursuant to § 49-6-3001;

(2)

(A) Be a member of a household with an annual income for the previous year that does not exceed the state median income; or

(B) Reside with a foster parent as defined in § 37-2-414 or an adoptive parent as defined in § 36-1-102;

(3) Reside with a parent or legal guardian who is employed and works more than thirty (30) hours per week or who is enrolled in and attending an eligible school or training program approved by the department;

(4) Be accepted to a high-quality early care and learning program; and

(5) Be a citizen of this state.

(d) By July 1, 2023, the department shall appoint an advisory group that makes recommendations to the department on the implementation of the promising futures program, including, but not limited to, recommending qualifications to be considered a high-quality early care and learning program.

(e) For purposes of creating and implementing the promising futures program, the department shall:

(1) Establish procedures to determine a child's eligibility to receive a scholarship in accordance with subsection (c);

(2) Establish an income verification process for purposes of subdivision (c)(2)(A);

(3) Verify that the amount of a promising futures scholarship awarded to a child does not exceed the cost of tuition and mandatory fees charged to all children attending the high-quality early care and learning program less all other available financial aid, which must be credited first to tuition and mandatory fees;

(4) Pay scholarship funds directly to the high-quality early care and learning program in which the child who received the scholarship is enrolled;

(5) Determine scholarship amounts by implementing a sliding fee scale for parent co-payments;

(6) Conduct a cost study to determine the cost of quality child care considering a child's age, the type of early learning setting, and the county of residence;

(7) Implement a lottery process if the department receives more applications for children who meet the eligibility requirements in subsection (c) than the amount of scholarships for which funding is available in the promising futures account;

(8) Ensure that each child who receives a scholarship continues to meet the requirements outlined in subsection (c);

(9)

(A) Review and consider the recommendations made by the advisory group in subsection (d);

(B) Develop the qualifications for a high-quality early care and learning program based upon the department's review and consideration of the advisory group's recommendations; and

(C) Ensure that high-quality early care and learning programs that provide care to children who are recipients of a promising futures

scholarship continue to meet the qualifications developed by the department pursuant to subdivision (e)(9)(B);

(10) Use leading edge technology solutions to establish a best-in-class web portal to help families search for high-quality early care and learning programs, apply for a promising futures scholarship, and apply for other financial aid the department deems necessary to include in an easily navigable web portal;

(11) Use best practice outreach programs to notify families who may be eligible to receive a promising futures scholarship, including contracting with local nonprofits that are equipped to reach and support families in applying for the scholarships;

(12) Establish the number of days a child who receives a scholarship must attend a high-quality early care and learning program; and

(13) Ensure that each child who receives a scholarship attends a high-quality early care and learning program for the number of days established pursuant to subdivision (e)(12).

(f) The amount of a promising futures scholarship must not exceed the lesser of:

(1) The cost of tuition and mandatory fees charged by the high-quality early care and learning program, less any other available financial aid or parent co-pay, which must be credited first to the child's tuition and mandatory fees; or

(2) Four thousand five hundred dollars (\$4,500) per child each year.

(g) The department may suspend or terminate a parent's or legal guardian's participation in the promising futures program if the department determines that the child's parent or legal guardian failed to comply with this section.

(h) If a high-quality early care and learning program knowingly uses promising futures scholarship funds with the intent to defraud the promising futures program, then the department may refer the matter to the appropriate enforcement authority for criminal prosecution.

(i) Funds received pursuant to this section:

(1) Constitute a scholarship provided for high-quality early care and learning for a child; and

(2) Do not constitute income of a parent or legal guardian of a child under title 67, chapter 2 or any other state law.

(j) There is created within the state treasury a "promising futures account."

Amounts remaining in the account at the end of each fiscal year must not revert to the general fund. Money in the account must be invested by the state treasurer pursuant to title 9, chapter 4, part 6 for the sole benefit of the account. All earning attributable to such investments must be credited to the promising futures account.

SECTION 3. This act is not an appropriation of funds, and funds shall not be obligated or expended pursuant to this act unless the funds are specifically appropriated by the general appropriations act.

SECTION 4. The headings in this act are for reference purposes only and do not constitute a part of the law enacted by this act. However, the Tennessee Code Commission is requested to include the headings in any compilation or publication containing this act.

SECTION 5. This act takes effect upon becoming a law, the public welfare requiring it.