

FISCAL MEMORANDUM

SB 611 – HB 653

June 12, 2007

SUMMARY OF AMENDMENT (010125): Deletes all language of the original bill. Makes changes to current law pertaining to the HOPE Scholarship program to include among other things: increases the HOPE Scholarship award for FY2007-08 at four-year institutions to \$4,000 and \$2,000 at two-year institutions and increases the Wilder-Naifeh technical skills grant to \$2,000; specifies the award amount of the HOPE Foster Child Tuition Grant.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – Increases the expenditure of lottery proceeds earmarked for scholarships and grants by \$34,603,200 in FY07-08 and by \$38,062,000 in FY08-09.

There is included in the Governor's FY2007-08 Recommended Budget the amount of \$9,300,000 from recurring lottery for education revenues for the increase in the base HOPE Scholars award levels. The amounts will increase from \$3,800 to \$4,000 at four-year schools and from \$1,900 to \$2,000 at two-year schools. Other awards, which are based on the HOPE award levels, will increase accordingly.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Other Fiscal Impact – Increases the net expenditure of lottery proceeds earmarked for scholarships and grants by \$51,300,000 in FY07-08 and by \$78,000,000 in FY08-09.

There is included in the Governor's FY2007-08 Recommended Budget the amount of \$9,300,000 from recurring lottery for education revenues for the increase in the base HOPE Scholars award levels. The amounts will increase from \$3,800 to \$4,000 at four-year schools and from \$1,900 to \$2,000 at two-year schools. Other awards, which are based on the HOPE award levels, will increase accordingly.

Assumptions applied to amendment:

- Increases HOPE scholarship award amounts for FY07-08 from \$3,800 to \$4,000 for 4-year institutions and from \$1,900 to \$2,000 for 2-year institutions and increases the Wilder-Naifeh technical skills grant from \$1,500 to \$2,000. First year cost of \$12,000,000 (41,823 x students x \$200; 7,784 students x \$100;

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10,735 x \$261). Second year cost of \$13,200,000 (46,005 students x \$200; 8,562 students x \$100; 11,808 students x \$261).

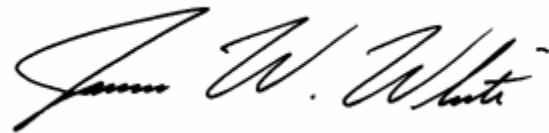
- Increases the income requirement (AGI) from \$36,000 to \$40,000– First year cost of \$2,300,000 (1,536 students x \$1,500). Second year cost of \$2,500,000 (1,690 students x \$1,500).
- Expected Family Contribution (EFC) – Second year cost \$8,600,000 (2,750 students x \$1,500; 1,540 students x \$2,650; 110 students x \$3,800).
- Dual enrollment grant (six courses) – First year cost of \$1,700,000 (4,100 students x \$412). Second year cost of \$1,850,000 (4,510 students x \$412).
- Changes applicable to non-traditional students (age 23) – First year cost of \$3,100,000 (1,033 students x \$3,000). Second year cost of \$5,400,000 (1,800 students x \$3,000).
- HOPE Foster Child Tuition Grant – First year cost of \$50,000 (50 students x \$1,000). Second year cost of \$55,000 (55 students x \$1,000).
- Changes limitation of receipt of the HOPE to five full-time equivalent years – First year cost of \$448,000 (118 students x \$3,800). Second year cost of \$494,000 (130 students x \$3,800).
- Tennessee HOPE Teacher’s Scholarship (private teachers) – First year cost of \$100,000 (50 teachers x \$2,000). Second year cost of \$110,000 (55 teachers x \$2,000).
- Dependent child of a religious worker – First year cost of \$114,000 (30 students x \$3,800). Second year cost of \$125,400 (33 students x \$3,800).
- Dependent child of member of military – First year cost of \$380,000 (100 students x \$3,800). Second year cost of \$418,000 (110 students x \$3,800).
- Defines “cumulative GPA” as institutional GPA – First year cost of \$4,500,000 (1,195 students x \$3,800). Second year cost of \$5,000,000 (1,315 students x \$3,800).
- All benchmarks converted to academic year as opposed to current hours – First year cost of \$2,700,000 (1,195 students x \$1,900 and 100 non-traditional students x \$3,800). Second year cost of \$3,000,000 (1,315 students x \$1,900 and 100 non-traditional students x \$3,800).
- Students residing in on-campus housing – First year cost of \$215,000 (113 students x \$1,900). Second year cost of \$236,000 (124 students x \$1,900).
- Change continuing GPA requirement for all benchmarks to 2.75 – First year cost of \$7,000,000 (2,000 students x \$3,500). Second year cost of \$12,000,000 (3,428 students x \$3,500).
- Change home-school requirement from two years to one year – First year cost of \$380,000 (100 students x \$3,800). Second year cost of \$380,000 (100 students x \$3,800).
- Allow ineligible students to receive award if meet continuing college requirements - First year cost of \$7,800,000 (2,689 students x \$2,900). Second year cost of \$13,700,000 (4,724 students x \$2,900).

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- Allows students to regain at the end of any semester – First year cost of \$856,000 (211 students x \$4,056). Second year cost of \$941,600 (232 students x \$4,056).
- Allows student to drop below full-time status once without loss of scholarship – First year cost of \$1,100,000 (275 students x \$3,800). Second year cost of \$2,000,000 (468 students x \$3,800).
- In the first year an estimated 10,508 students would receive an incremental Tennessee Free Community College Scholarship award of \$500 (the difference between full tuition cost of \$2,500 and the standard HOPE or ASPIRE award of \$2,000) and 511 students would receive the full award of \$2,500. Total first year cost of \$6,532,000 (10,508 students x \$500 = \$5,254,000 plus 511 students x \$2,500 = \$1,277,500). In the second year, estimated 11,568 students would receive an incremental award of \$500 and an estimated 869 students would receive the full award of \$2,500. Total second year cost of \$7,956,500. Second year cost assumes a 70% scholarship retention rate.
- Total first year impact - \$51,300,000
- Total second year impact - \$78,000,000

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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