



February 24, 2024

SUMMARY OF BILL AS AMENDED (013426): Authorizes an eligible Tennessee HOPE scholarship student who has earned their first baccalaureate degree between July 1, 2022, and July 1, 2023, in less than five years from the date of the student's initial enrollment, to continue to receive the HOPE scholarship until the student has earned an advanced degree or the student has attended a postsecondary institution for a total of five years, whichever is first. Requires the student to be enrolled in an advance degree program at an eligible postsecondary institution no later than the fall term of the 2024-2025 academic year to be eligible to continue to receive the scholarship.

FISCAL IMPACT OF BILL AS AMENDED:

Increase State Expenditures –

\$1,838,600/FY23-24/Lottery for Education Account

\$1,011,600/FY24-25/Lottery for Education Account

Other Fiscal Impact – Funding of \$1,838,600 in FY23-24 and \$1,011,600 in FY24-25 will not be available for transfer from the Lottery for Education Account to the Tennessee Promise Scholarship Special Reserve Account.

Assumptions for the bill as amended:

- There are three eligible HOPE award types that students would be eligible to utilize under the proposed legislation: HOPE Scholarship, HOPE General Assembly Merit Scholarship (GAMS), and HOPE Aspire Award.
- According to the Tennessee Student Assistance Corporation (TSAC), this legislation would allow students enrolled in the 2023-2024 academic year and future academic years to receive the HOPE scholarship so long as they meet the eligibility requirements.
- It is estimated that 20 percent of HOPE recipients who graduated with their award intact in the academic year 2022-2023 and have remaining semesters of eligibility will pursue an advanced degree by the fall of the 2024-2025 academic year.
- It is reasonably estimated that the number of recipients in FY24-25 will decrease because these students will have either graduated, met their five-year HOPE limit, or become ineligible.
- The eligible students will on average qualify for two additional semesters or one additional year of HOPE awards.

- Based on information provided by TSAC, the number of additional graduate school HOPE recipients in FY23-24 and FY24-25 are calculated for each eligible award type as follows:
 - HOPE Scholarship:
 - Average award is \$5,700 per year;
 - 225 students in FY23-24 and 130 students in FY24-25;
 - Cost for additional award is \$1,282,500 (225 students x \$5,700 award) in FY23-24 and \$741,000 (130 students x \$5,700 award) in FY24-25.
 - HOPE GAMS:
 - Average award is \$6,700;
 - 11 students in FY23-24 and 6 students in FY24-25;
 - Cost for additional award is \$73,700 (11 students x \$6,700 award) in FY23-24 and \$40,200 (6 student x \$6,700 award) in FY24-25.
 - HOPE Aspire:
 - Average award is \$7,200;
 - 67 students in FY23-24 and 32 students in FY24-25;
 - Cost for additional award is \$482,400 (67 students x \$7,200 award) in FY23-24 and \$230,400 (32 student x \$7,200 award) in FY24-25.
- The total increase in scholarship expenditures from the Lottery for Education Account to allow recipients to use remaining semesters of eligible HOPE, HOPE GAMS and HOPE Aspire scholarship awards to pursue an advanced degree is estimated to be \$1,838,600 (\$1,282,500 HOPE + \$73,700 HOPE GAMS + \$482,400 HOPE Aspire) in FY23-24 and \$1,011,600 (\$741,000 HOPE + \$40,200 HOPE GAMS + \$230,400 HOPE Aspire) in FY24-25.
- A portion of these students will be students who choose to attend graduate school and who otherwise would not have. This will result in an increase in expenditures and an offsetting increase in tuition revenue for the University of Tennessee and the locally governed institutions. The precise increase cannot be reasonably determined; however, any net impact is considered not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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