

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 2473 - HB 2756**

April 4, 2024

**SUMMARY OF BILL:** Expands eligibility of the Tennessee HOPE scholarship to students enrolled at eligible postsecondary institutions who have graduated from a high school out-of-state and have one parent who has resided in this state for at least 10 years.

Requires the Tennessee Board of Regents and each state university board to classify a student as a resident of this state, and charge the student in-state tuition, if the student is a citizen of the United States, and at least one of the student's parents resides in this state and has resided in this state for at least 10 years immediately preceding the date of the student's application for admission.

**FISCAL IMPACT:**

**Increase State Expenditures –  
Exceeds \$455,000/FY24-25 and Subsequent Years/  
Lottery for Education Account**

**Other Fiscal Impact – Funding exceeding \$455,000 in FY24-25 and subsequent years will not be available for transfer from the Lottery for Education Account to the Tennessee Promise Scholarship Special Reserve Account.**

Assumptions:

- The Tennessee Student Assistance Corporation (TSAC) provides that:
  - 5,800 students graduated from an out-of-state high school and are currently enrolled in a 2-year or 4-year public institution without a HOPE award.
  - 16 percent attend a 2-year institution and
  - 84 percent attend a 4-year institution
  - The average HOPE award at a 4-year institution is \$4,500.
  - The average HOPE award at a 2-year institution is \$3,200.
- According to U.S. Census Bureau data, 70.7 percent of children live with two parents, leaving 29.3 percent or 1,699 (5,800 x 29.3%) from homes with one or no parent.
- The precise number of children living out of state with one parent who has resided in Tennessee for 10 or more years that will attend an institution in Tennessee is unknown.
- It is reasonably assumed that of the 1,699 students, at least five percent, or 85 students (1,699 x 5%) have one parent who has lived in Tennessee for at least 10 years.

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- HOPE scholarships are also available to eligible students attending eligible private institutions of higher education. The precise enrollment breakdown of each eligible private institution is unknown; however, such students are reasonably estimated to increase the additional eligible students by at least 25 percent for a total of at least 106 (85 x 125%) additional eligible students each year.
- The Tennessee HOPE scholarship is funded from net proceeds of the state lottery from the Lottery for Education Account (LFEA).
- The increase to HOPE expenditures from the LFEA in FY24-25 and subsequent years is estimated to exceed:
  - \$54,272 (106 x 16% x \$3,200) at 2-year institutions and;
  - \$400,680 (106 x 84% x \$4,500) at 4-year institutions.
- The total increase to HOPE expenditures from the LFEA in FY24-25 is estimated to be \$454,952 (\$54,272 + \$400,680) in FY24-25 and subsequent years.
- Pursuant to Tenn. Code Ann. § 49-4-708(d)(7), funding in the LFEA in excess of \$10,000,000 and after all other expenditures have been made, including expenditures under the Tennessee Education Lottery Scholarship programs, is transferred to the Tennessee Promise Scholarship Special Reserve Account (TPSSRA).
- There will be \$454,952 in FY24-25 and subsequent years unavailable for transfer to the TPSSRA.
- Based on the information provided by the public institutions of higher education or found on the institution's websites per the institution's policies or current practices, unemancipated students of divorced parents must be classified in-state when one parent, regardless of custodial status, is domiciled in Tennessee. Therefore, requiring such students to be classified as in-state is estimated to not result in a significant impact to the public institutions of higher education.

**CERTIFICATION:**

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



Krista Lee Carsner, Executive Director

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