



February 18, 2023

SUMMARY OF BILL: Expands the Tennessee Reconnect Grant (TRG) to give eligibility to students who completed high school or obtained a GED® or HiSET® diploma during the 2019-2020 or 2020-2021 school year, and who are at least 21 years of age by January 1 of the academic year in which they enroll in an eligible program of study. Repeals the act on January 1, 2027.

FISCAL IMPACT:

Increase State Expenditures – \$8,208,500/FY23-24/

Lottery for Education Account

\$11,049,200/FY24-25 through FY26-27/

Lottery for Education Account

Other Fiscal Impact – Funding in the amount of \$8,208,500 in FY23-24 and funding of \$11,049,200 in FY24-25 through FY26-27 will not be available for transfer from the Lottery for Education Account to the Tennessee Promise Scholarship Special Reserve Account.

Assumptions:

- Pursuant to Tenn. Code Ann. § 49-4-944, a student must meet the same requirements describe above, but should be at least 23 years of age.
- The provisions of the legislation would expand the current act to capture two separate additional cohorts of students who fall into two separate categories who are turning 21 or 22 years of age beginning in FY23-24.
- According to TSAC, in 2020 and 2021 in the two new eligible categories there were a total of:
 1. 13,796 students who were enrolled in an eligible post-secondary institution immediately after high school, but did not have continuous enrollment; and
 2. 36,777 students who chose not to enroll in an eligible post-secondary institution immediately after high school in those academic years.

- Based on information provided by TSAC:

TN Reconnect in FY23-24:

- An estimated five percent or 1,839 (36,777 x 5%) students would participate in the expansion from category 1.
- An estimate 10 percent or 1,380 (13,796 x 10%) students would participate in the expansion from category 2.
- The average reconnect grant is estimated to be \$2,550 in FY23-24.

TN Reconnect in FY24-25:

- Of the total number of participants in FY23-24, 50% are estimated to renew the grant, equaling 1,609 [(1,839 + 1,380) x 50%] students participating in FY24-25 from the first year.
 - An estimated 1,184 students will participate who did not participate in the first year.
 - An estimated 1,413 will now be eligible by reaching age 21 beginning FY24-25 and will participate.
 - The reconnect grant average is expected to increase by three percent for a new average of \$2,627 (\$2,550 x 103%) in FY24-25.
- Pursuant to Tenn. Code Ann. § 49-4-901 and § 49-4-944, the TRG grant is to be distributed from the Lottery for Education Account. Award amounts for the TRG vary based on the amount of tuition and mandatory fees after the Tennessee Education Lottery Scholarship, Tennessee Student Assistance Award, and PELL grant have first been applied
 - The increase in state expenditures for expansion of the TRG is estimated to be \$8,208,450 [(1,839 + 1,380) x \$2,550] in FY23-24 from the Lottery for Education Account.
 - The increase in state expenditures for expansion of the TRG is estimated to be \$11,049,162 [(1,609 continuing students + 1,184 remaining students + 1,413 new students) x \$2,627 award] in FY24-25 through FY26-27 in which the act is repealed as students from each cohort would have had time to complete higher education requirement in the projected timeframe.

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

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