



February 13, 2024

**SUMMARY OF BILL:** 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.

**FISCAL IMPACT:**

**Increase State Expenditures –**

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

**\$78,100/FY25-26/Lottery for Education Account**

**Other Fiscal Impact – Funding in the amount of \$1,011,600 in FY24-25 and \$78,100 in FY25-26 will not be available for transfer from the Lottery for Education Account to the Tennessee Promise Scholarship Special Reserve Account.**

Assumptions:

- 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.
- The legislation is effective July 1, 2024 making the HOPE scholarship available beginning in academic year August 2024 - May 2025.
- It is estimated that 20 percent of HOPE recipients who graduated with their award intact in academic year 2022-23 and have remaining semesters of eligibility will pursue an advanced degree in 2024-25.
- It is reasonably estimated that the number of recipients in FY25-26 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 FY24-25 and FY25-26 are calculated for each eligible award type as follows:
  - HOPE Scholarship:

- Average award is \$5,700 per year;
- 130 students in FY24-25 and 10 students in FY25-26;
- Cost for additional award is \$741,000 (130 students x \$5,700 award) in FY24-25 and \$57,000 (10 students x \$5,700 award) in FY25-26.
- HOPE GAMS:
  - Average award is \$6,700;
  - 6 students in FY24-25 and 1 student in FY25-26;
  - Cost for additional award is \$40,200 (6 students x \$6,700 award) in FY24-25 and \$6,700 (1 student x \$6,700 award) in FY25-26.
- HOPE Aspire:
  - Average award is \$7,200;
  - 32 students in FY24-25 and 2 students in FY25-26;
  - Cost for additional award is \$230,400 (32 students x \$7,200 award) in FY24-25 and \$14,400 (2 student x \$7,200 award) in FY25-26.
- 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 \$1,011,600 (\$741,000 HOPE + \$40,200 HOPE GAMS + \$230,400 HOPE Aspire) in FY24-25 and \$78,100 (\$57,000 HOPE + \$6,700 HOPE GAMS + \$14,400 HOPE Aspire) in FY25-26.
- A portion of these students will be students that choose to attend graduate school 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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