

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 720 - HB 980**

March 12, 2017

**SUMMARY OF BILL:** Defines “middle college program” as a program operated by an eligible public two-year postsecondary institution in partnership with a local education agency that permits students in the fall semester of their junior year of high school to enter the eligible public two-year postsecondary institution and earn both a high school diploma and an associate degree in two years.

Authorizes middle college students to receive a Middle College Scholarship (MCS), beginning in the 2019-2020 academic year, subject to certain eligibility requirements; authorizes such students to receive the Tennessee HOPE Scholarship at the time of transfer to an eligible four-year institution in pursuit of a baccalaureate degree, subject to certain eligibility requirements; and prohibits students who receive a Middle College Scholarship from receiving a dual enrollment grant.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – Exceeds \$1,323,000/FY19-20 and Subsequent Years/Lottery for Education Account**

**Other Fiscal Impact – Recurring funding in an amount exceeding \$1,323,000 will not be available for transfer from the Lottery for Education Account to the Tennessee Promise Special Reserve Account beginning in FY19-20 as a result of students receiving the Middle College Scholarship.**

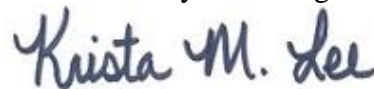
Assumptions:

- The proposed MCS will be a two-year scholarship program for high school juniors beginning in the fall semester of 2019, or in FY19-20.
- The MCS award must be equal to the tuition and mandatory fees charged by the community college that the eligible student is attending.
- The average community college tuition and fees in FY16-17 is \$4,036 and is expected to increase each subsequent fiscal year.
- Assuming tuition increases average at least three percent per year, the average community college tuition and fees in FY19-20 are estimated to exceed \$4,410 (\$4,036 x 103.0% x 103.0% x 103.0%)

- Based on information provided by the Tennessee Student Assistance Corporation (TSAC) during the 109<sup>th</sup> General Assembly, it is estimated that a minimum of 300 middle college juniors will qualify for and receive the MCS beginning in FY19-20.
- The recurring increase in state expenditures from the Lottery for Education Account in FY19-20 and subsequent years is estimated to exceed \$1,323,000 (300 minimum scholarships x \$4,410 minimum award).
- There may be a decrease in the number of dual enrollment grant funds expended from the Lottery for Education Account beginning in FY19-20 and subsequent years. However, due to several unknown factors, an exact impact to dual enrollment grant expenditures cannot be reasonably quantified. Such unknown factors include, but are not limited to, the precise number of students who will shift from the dual enrollment grant program to the MCS program beginning in FY19-20; the extent to which dual enrollment grants will be awarded to new students, that in the absence of this bill, would not occur; the total expenditures for dual enrollment grants in fiscal years before the start of the new scholarship program; and the possible incentive to enroll in a Middle College program as a result of the new scholarship.
- Any funds not expended for dual enrollment grants will be considered excess funds in the Lottery for Education Account and will be transferred to the Tennessee Promise Special Reserve Account.
- Based on information from TSAC, under current law, middle college students are eligible to receive the Tennessee HOPE Scholarship at the time of transfer to an eligible four-year institution, subject to certain eligibility requirements. As a result, this bill will not result in a significant increase in the number of students eligible for the Tennessee HOPE Scholarship.

### **CERTIFICATION:**

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



Krista M. Lee, Executive Director

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