

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 139 – SB 722

February 21, 2021

SUMMARY OF BILL: Expands the eligibility requirements for receiving a Tennessee HOPE Foster Child Tuition Grant (Grant) to include those youth whom, after reaching age 17, were placed in state custody, permanent guardianship by the Department of Children’s Services (DCS), or placed for adoption by DCS or one of their adoption contract agencies.

Requires DCS, the Tennessee Higher Education Commission (THEC), the Tennessee Board of Regents (TBR), and the state’s public institutions of higher education (Institutions) to establish a foster care youth outreach liaison pilot program (Program) at a minimum of five Institutions for the purpose of increasing postsecondary graduation rates among the foster youth population. Requires the entities to evaluate the success of the Program and provide a recommendation, on or before January 1, 2024, to the Senate Education Committee and the Education Committee of the House of Representatives as to whether the program should be extended or expanded. Terminates the Program on June 30, 2024.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$27,700/FY21-22/Lottery for Education Account
Exceeds \$44,400/FY22-23/Lottery for Education Account
Exceeds \$61,000/FY23-24 and Subsequent Years/
Lottery for Education Account**

Other Fiscal Impact – Funding in the amount of \$27,700 in FY21-22, exceeding \$44,400 in FY22-23, and exceeding \$61,000 in FY23-24 and subsequent years 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. § 49-4-933(b), an applicant must have remained in state custody for at least one year after reaching 14 years of age in order to qualify for a Grant.
- This requirement effectively excludes from consideration anyone placed in state custody after reaching the age of 17. The proposed legislation will allow this subset of the foster youth population to access a Grant, given they meet all other applicable academic and administrative requirements.
- The average Grant award is \$5,549 per academic year.

- Based on information provided by the Tennessee Student Assistance Corporation (TSAC), an average of five students will qualify for the Grant, beginning in FY21-22.
- The increase in state expenditures from the Lottery for Education Account is estimated to be \$27,745 (5 students x \$5,549) in FY21-22.
- According to the 2019 Tennessee Educational Lottery Scholarship Program Annual Report, the average first-time HOPE scholarship renewal rate is 57 percent.
- As the Grant is available for utilization at both two-year and four-year institutions, this analysis assumes a three-year average attendance rate; resulting in an average of at least 3 (5 students x 57.0% renewal rate) renewed Grant recipients annually for three years.
- The increase in state expenditures from the Lottery for Education Account is estimated to exceed \$44,392 [(5 new students + 3 returning students) x \$5,549] in FY22-23.
- The recurring increase in state expenditures from the Lottery for Education Account is estimated to exceed \$61,039 [(5 new students + 3 returning students + 3 returning students) x \$5,549] in FY23-24 and subsequent years.
- Any increase in expenditures to the Institutions, DCS, THEC and TSAC to establish the Program is estimated to be not significant.

CERTIFICATION:

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



Bojan Savic, Interim Executive Director

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