

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 6

February 27, 2012

SUMMARY OF BILL: Requires students applying for a HOPE scholarship, HOPE access grant, or HOPE scholarship for non-traditional students to take and pass the English test and civics test, required by the United States citizenship and immigration service for immigrants attempting to become naturalized citizens, in order to become scholarship eligible. Requires the Tennessee Higher Education Commission (THEC), in concert with the Tennessee Board of Regents (TBR) and University of Tennessee (UT), to devise and administer similar tests in lieu of the federal test. Requires THEC to adopt rules and regulations for the administration of tests. Makes applicable to eligible students beginning in the 2014-15 academic year.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures -

\$100,000/FY13-14

\$558,000/FY14-15

\$332,300/FY15-16

Exceeds \$300,000/FY16-17 and Subsequent Years

Decrease State Expenditures -

\$23,774,400/FY14-15/Lottery for Education Account

\$9,687,600/FY15-16/Lottery for Education Account

Exceeds \$5,000,000/FY16-17 and Subsequent Years/Lottery for Education Account

Assumptions:

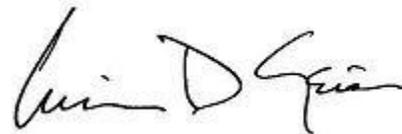
- The Tennessee Student Assistance Corporation (TSAC) assumes that all applicants for a HOPE scholarship, ACCESS grant, or the HOPE scholarship for non-traditional students will take an English and civics test beginning in FY14-15.
- THEC will devise and administer its own test based on the federal English and civics examination.
- According to THEC, there will be a one-time programming cost of \$100,000 to add a module to the EGrands System to help with exam administration. This programming will be done by an outside contract vendor and will take place in FY13-14 to prepare for implementation in FY14-15.
- THEC estimates that two additional staff members will be required to oversee the exam program. Each new position will require a salary of \$50,000 and benefits of \$13,514.

THEC indicates other recurring increases in state expenditures for travel, office supplies, and rent estimated to be \$25,000 per person.

- The total recurring increase in state expenditures associated with new personnel beginning in FY14-15 is estimated to \$177,028 [(\$50,000 + \$13,514 + \$25,000) x 2 positions].
- The federal English and civics test is taken with an exam proctor administering the test to each person individually.
- THEC will hire exam proctors each year. TSAC estimates approximately 76,200 students will take the test in FY14-15. THEC estimates that each test will take 15 minutes; a total of 1,143,000 minutes (76,200 x 15) and 19,050 hours (1,143,000 / 60).
- Each proctor will be paid \$20 per hour, an increase in recurring state expenditures of \$381,000 (\$20 x 19,050 hours) in FY14-15
- The increase in state expenditures in FY14-15 will be \$558,028 (\$177,028 + \$381,000).
- TSAC estimates 31,054 will take the test in FY15-16. Each test will take 15 minutes; a total of 465,810 minutes (15 x 31,054) and 7,764 hours (465,810 / 60).
- Each proctor will be paid \$20 per hour; an increase in state expenditures of \$155,280 (\$20 x 7,764).
- The increase in state expenditures in FY15-16 will be \$332,308 (\$177,028 + \$155,280).
- The recurring increase in state expenditures in FY16-17 and subsequent years is reasonably estimated to exceed \$300,000.
- According to TSAC, the average award for a HOPE scholarship, ACCESS grant, or HOPE scholarship for non-traditional students is \$3,900 per student.
- Based on the failure rate for the federal English and civics naturalization test of eight percent, TSAC estimates 6,096 students will fail the test in FY14-15 and not receive an award. The decrease in state expenditures from the Lottery for Education Account (LFEA) in FY14-15 will be \$23,774,400 (6,096 x \$3,900).
- TSAC estimates 2,484 students will fail the test and not receive an award in FY15-16. The decrease in state expenditures from the LFEA in FY15-16 is estimated to be \$9,687,600 (2,484 x \$3,900).
- The recurring decrease in state expenditures from the LFEA beginning in FY16-17 is reasonably estimated to exceed \$5,000,000.

CERTIFICATION:

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



Lucian D. Geise, Executive Director

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