

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1584 – HB 1983

February 27, 2016

SUMMARY OF ORIGINAL BILL: Authorizes students with a documented disability to receive a STEP UP scholarship for up to four years, provided such students meet certain requirements under Tenn. Code Ann. § 49-4-943(c).

Authorizes students who received an occupational high school diploma to receive a STEP UP scholarship. These changes will be effective for students entering a STEP UP program in the 2016-2017 academic year.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures-

\$387,000/FY18-19/Lottery for Education Account

\$666,000/FY19-20 and Subsequent Years/

Lottery for Education Account

SUMMARY OF AMENDMENT (011819): Deletes all language after the enacting clause. Authorizes students with a documented disability to receive a STEP UP scholarship provided such students meet certain eligibility requirements under Tenn. Code Ann. § 49-4-943(c). Authorizes students who received an occupational high school diploma to receive a STEP UP scholarship.

Requires each institution to determine the period of time required to complete their respective STEP-UP program. A student who does not take a leave of absence shall be eligible to receive a STEP-UP scholarship until the first of the following terminating events: the student receives a credential signifying completion of the eligible STEP-UP program, or the end of the period of time required to complete the program as determined by the respective institution. For students that take a leave of absence, the terminating events are: the student receives a credential signifying completion of the eligible STEP-UP program, or the point in time when the total number of years the student has attended an eligible program, including the number of years that the student attended prior to returning from a leave of absence, is equal to the number of years required to complete the program as determined by the respective institution.

Authorizes a student that has completed a two- or three-year STEP UP program, to transfer to another eligible STEP-UP program that contains a third or fourth year, and to be able to continue receiving the STEP UP scholarship provided the student meets all other eligibility requirements at the time of the transfer.

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Authorizes any student who is currently enrolled in a STEP UP program, that expands from a two-year program to a three- or four-year program, to be eligible for the Tennessee STEP UP scholarship in the third or fourth year of the program respectively; provided the student meets all academic requirements.

Authorizes a student who was enrolled in an eligible STEP UP program in the 2014-2015 academic year, and is enrolled in a three- or four-year program in the 2015-2016 academic year, that did not receive a STEP UP scholarship in FY15-16, to apply for a retroactive award for any semester in which a student would have qualified for a scholarship under the provisions of this legislation.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures –

\$52,000/FY16-17/Lottery for Education Account

\$166,500/FY17-18/Lottery for Education Account

**Exceeds \$166,500/FY18-19 and Subsequent Years/Lottery for
Education Account**

Other Fiscal Impact - Funding in the amount of \$52,000 in FY16-17; \$166,500 in FY17-18; and funding exceeding \$166,500 in FY18-19 and subsequent years will not be included in the annual statutory transfer of excess lottery funding from the Lottery for Education Account to the Tennessee Promise Scholarship Special Reserve Account.

Assumptions relative to FY16-17:

- Currently, students in a STEP UP program can receive a STEP UP award for up to two years or until they receive a program completion credential, whichever occurs first.
- Beginning in the fall of 2016, students enrolled in a STEP UP program will be eligible to receive a STEP UP award until students receive a completion credential or until the completion of the time period required for program as determined by the student's institution.
- The bill as amended will also authorize students who were enrolled in a STEP UP program in FY15-16 and who will be in their third and fourth year of their respective programs in FY16-17 to receive a one-time retro-active STEP UP award of \$4,000.
- Based on information from the Tennessee Student Assistance Corporation (TSAC), a minimum of two students who were enrolled in a STEP UP program in FY15-16 will receive one-time retro-active awards in FY16-17; an increase in state expenditures from the Lottery for Education Account estimated to exceed \$8,000 (2 x \$4,000).
- Based on information from TSAC, 11 students will receive a STEP UP award of \$4,000 in FY16-17; an increase in state expenditures from the Lottery for Education Account of \$44,000 (11 x \$4,000).

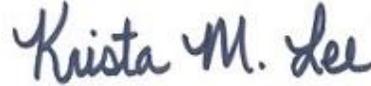
- The total increase in state expenditures from the Lottery for Education Account in FY16-17 is estimated to be \$52,000 (\$8,000 + \$44,000).

Assumptions relative to FY17-18 and Subsequent Years:

- Based on TSAC lottery scholarship data relative to the STEP UP scholarship program, 37 students from the Fall 2015 cohort will be eligible to receive a STEP UP scholarship in their program's third year in FY17-18 and will receive an award amount of \$4,500.
- The increase in state expenditures from the Lottery for Education Account is estimated to be \$166,500 (37 x \$4,500) in FY17-18.
- It is assumed that the number of additional students that will receive the STEP UP scholarship in FY18-19 and in all subsequent years as a result of this bill, that would not be eligible in the absence of the bill, will average 37 per year based on the 37 estimated to be eligible as a result of the bill for FY17-18.
- The recurring increase in state expenditures from the Lottery for Education Account is estimated to exceed \$166,500 in FY18-19 and subsequent years.

CERTIFICATION:

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



Krista M. Lee, Executive Director

/rbp