

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1584 – HB 1983

February 22, 2016

SUMMARY OF 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.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures-

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

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

Lottery for Education Account

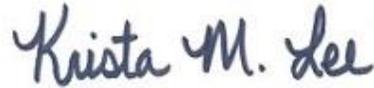
Assumptions:

- Currently students in a STEP UP program can receive a STEP UP award for up to two years.
- Beginning in the fall of 2016, students entering a STEP UP program will be eligible to receive a STEP UP award for up to four years.
- Given that students will be eligible for STEP UP scholarships under current law for the first two years, and given the bill only applies to students entering the program in FY16-17, the first year impacted will be FY18-19 when such entering students begin their junior year.
- The additional STEP UP award for students in their third and fourth year of a STEP UP program will be \$4,500 per student beginning in FY18-19 and subsequent years.
- The capacity of STEP UP programs at eligible institutions will remain constant over time.
- Based on Tennessee Student Assistance Corporation (TSAC) lottery scholarship data relative to the STEP UP scholarship program, 86 juniors will be eligible to receive a STEP UP scholarship in their program's third year in FY18-19.

- The increase in state expenditures from the Lottery for Education Account in FY18-19 is estimated to be \$387,000 ($\$4,500 \times 86$).
- Based on TSAC lottery scholarship data relative to the STEP UP program, 86 juniors and 62 seniors will receive an additional STEP UP award in FY19-20 and subsequent fiscal years; a total of 148 students. This number is assumed to remain constant in subsequent years.
- The increase in state expenditures from the Lottery for Education Account in FY19-20 and subsequent years is estimated to be \$666,000 [$(86 + 62) \times \$4,500$].

CERTIFICATION:

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

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/rbp