

Fiscal Note

BILL # SB 1182

TITLE: Arizona promise program; private universities

SPONSOR: Bennett

STATUS: As Amended by Senate ED

PREPARED BY: Morgan Dorcheus

Description

The bill would allow private postsecondary educational institutions to offer Arizona Promise Program scholarships.

Estimated Impact

The Arizona Promise Program receives \$20 million from the General Fund annually. To the extent that private universities are added to the program at the current funding level, General Fund distributions to the public universities could decrease. The impact ultimately depends on total legislative appropriations and the methodology used by the Arizona Board of Regents (ABOR) for distributing state monies to all eligible institutions.

Analysis

Pursuant to A.R.S. 15-1701, the Arizona Promise Program provides scholarships to full-time resident students who are enrolled in a public university program and meet the eligibility criteria for federal Pell grants. If appropriated monies are insufficient to provide awards to all eligible students, ABOR is required to guarantee the award.

The bill would allow private universities to implement an Arizona Promise Program on the same terms as the program established for public universities. The bill also limits private student awards to the highest actual cost of tuition and fees charged by the public universities. In FY 2023, the average tuition cost for public universities is approximately \$6,464 after applying federal financial aid. We do not have access to sufficient data to determine how many private university students would become eligible for Promise scholarships under the bill's provisions. As an example, it was stated in Senate Education Committee testimony that Grand Canyon University (GCU) would have approximately 1,065 eligible students. Based on the average public student cost, Promise scholarships for GCU students would cost approximately \$6.9 million.

The Arizona Promise Program receives \$20 million from the General Fund annually. This dollar level is determined in the General Appropriation Act and is not tied to a statutory funding formula. The bill does not include additional appropriations to reimburse private universities for their costs. To the extent that private universities participate in the program at the current funding level, the amount allocated to the public universities may decrease. The bill does not specify a methodology for distributing appropriated monies between all eligible institutions.

Local Government Impact

None

2/8/23

