

# Fiscal Note

**BILL #** HB 2616

**TITLE:** public service scholarship fund

**SPONSOR:** Márquez

**STATUS:** As Amended by House ED

**PREPARED BY:** Grace Timpany

## Description

HB 2616 would establish the Public Service Scholarship Fund to match the federal postservice education award for students who: 1) complete a term of service in a national service program while living in Arizona; 2) receive a federal postservice education award; 3) use the postservice award to attend a public university or community college in Arizona; and 4) graduate from an Arizona high school. The bill includes an unspecified appropriation from the General Fund in FY 2026.

## Estimated Impact

We estimate the bill would cost up to \$1.4 million annually if all eligible recipients receive a scholarship. The cost could be less depending on the number of students completing service in Arizona and graduating from an Arizona high school. The actual cost will ultimately depend on resources available in the Public Service Scholarship Fund to distribute to eligible students.

The Arizona Board of Regents (ABOR) has not yet responded to our request for its estimate of the bill's fiscal impact.

## Analysis

The federal postservice award provides funding to any participant who completes a term in a national service program. The maximum award amount is equal to the maximum Pell Grant award in the year of the participants approved service. In academic year 2024-2025, the maximum Pell Grant award was \$7,395.

The actual award amount that students receive varies based on their length of service ranging from 300 to 1700 hours per year and participants can receive a cumulative maximum of two full years in federal awards, or \$14,790 at the current Pell Grant amount. Eligible expenses of the federal award include tuition and fees, housing, books and supplies, and students can also use the award to pay off qualified student loans.

Based on the most recent available data, the federal postservice award issued \$1.4 million to students attending an Arizona university or community college in 2023, of which \$1.2 million was for students enrolled in a public university and \$181,000 was for students enrolled in community colleges. The bill requires scholarships from the Public Service Scholarship Fund to match the federal postservice award, which would be awarded on a first-come first-serve basis.

In addition to scholarship costs, there may be administrative costs associated with establishing a scholarship application and distributing the scholarship to Arizona institutions. Similar scholarship programs administered by ABOR are capped at 3% of total monies appropriated each year. Using the \$1.4 million estimate above, administrative costs of 3% would be \$42,000.

## Local Government Impact

None

2/20/25

