TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

SB 297 - HB 1294

March 12, 2023

SUMMARY OF BILL: Requires the Tennessee Student Assistance Corporation (TSAC) to administer a tuition loan program that allows students who are not eligible for in-state tuition rates at eligible public institutions of higher education to receive a loan that TSAC will remit to the institution in which the student is enrolled equal to the difference between the in-state tuition rate and the out-of-state tuition rate the student would have been charged by the institution. Requires TSAC to forgive the loan if the student teaches full-time at a public school in this state for no less than five consecutive years, the service of which must begin no later than one year from the date on which the student graduated from the institution.

Requires the student to repay the loan at an interest rate determined by TSAC if the student permanently withdraws, or fails to complete the student's baccalaureate degree program in four academic years or if the student is not employed within one year from the date of graduation as an educator in a public school and does not teach for five consecutive years.

FISCAL IMPACT:

Increase State Expenditures - $380,700/FY23-24
Exceeds $380,700/FY24-25 and Subsequent Years

Other Fiscal Impact – There may be an increase in state revenue resulting from interest-bearing loan repayments. The precise amount and timing of any increase in revenue cannot be reasonably determined.

Assumptions:

4-year public institutions:

- 484 students enrolled will be eligible for the program;
- 4 percent, or 19 students (484 x 4%), are education majors and will obtain a loan;
- A difference of $10,800 between in-state and out-of-state tuition cost per student;
- An average loan of $205,200 (19 students x $10,800 tuition difference).

2-year public institutions:

- 313 students enrolled be eligible for the program;
- 4 percent, or 13 students (313 x 4%), are education majors and will obtain a loan;
- A difference of $13,500 between in-state and out-of-state tuition cost per student;
- An average loan of $175,500 (13 students x $13,500 tuition difference).

- The increase in state expenditures to the General Fund is estimated to be $380,700 ($205,200 + $175,500) in FY23-24, and estimated to exceed $380,700 in subsequent years.
- Eligible public institutions will not experience a significant fiscal impact as TSAC will remit the difference between the in-state and out-of-state tuition cost per student annually to each eligible public intuition.
- The increase to state revenue from interest-bearing repayments cannot be reasonably determined due to multiple unknown factors such as the number of students that will repay the interest-bearing loan(s), the interest-bearing rate, or the timing for when or if a student will begin payments.

CERTIFICATION:

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

Krista Lee Carsner

Krista Lee Carsner, Executive Director

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