

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2276 - SB 2190

March 9, 2024

SUMMARY OF BILL: Authorizes a person aged 60-64 who is domiciled in this state to enroll in one class per academic quarter or semester at any public institution of higher education for free except for a service fee. Authorizes the institutions to charge a service fee by the institution under their respective jurisdictions, to help defray the cost of keeping the records of such students that must not exceed \$45.00 a quarter or \$70.00 a semester. Effective in 2024-2025 academic year and subsequent academic years.

FISCAL IMPACT:

**Decrease State Revenue - \$691,200/FY24-25 and Subsequent Years/
Locally Governed Institutions**

**\$282,100/FY24-25 and Subsequent Years/
University of Tennessee System**

**\$324,900/FY24-25 and Subsequent Years/
Tennessee Board of Regents**

Other Fiscal Impact – Any additional reimbursement in future years to institutions for fee discount and waivers is subject to appropriation by the General Assembly pursuant to Tenn. Code Ann. § 49-7-119(c); the precise amount of any additional expenditures is dependent upon action by the General Assembly and cannot be reasonably determined.

Assumptions:

- The maximum allowable number of free courses under the proposed waiver is one per semester or quarter; these students are estimated to take an average of two courses annually.
- Students will qualify for either graduate or undergraduate-level courses.
- Each of the locally governed institutions (LGI), the institutions under the University of Tennessee System (UT), and the community colleges under the Tennessee Board of Regents (TBR) will charge the \$70 service fee, and the Tennessee Colleges of Applied Technology will charge the \$45 service fee.

HB 2276 - SB 2190

- For purposes of this analysis the cost of tuition and fees for both graduate courses and undergraduate courses were averaged together less the applicable service fee for the estimated average tuition cost per course per student.
- Based on the information provided by each LGI, UT, and TBR the following number of students and decrease in state revenue to each is as follows:

| Public Institutions of Higher Education | Average tuition per course less service fee | Number of courses annually | Avg. Enrolled Ages 60-64 | Cost of Waiver |
|--|--|-----------------------------------|---------------------------------|-----------------------|
| Locally Governed Institutions: | | | | |
| Austin Peay University | \$1,323 | 2 | 28 | \$74,091 |
| East Tennessee State University | \$1,511 | 2 | 28 | \$84,616 |
| Middle Tennessee State University | \$1,451 | 2 | 57 | \$165,414 |
| Tennessee State University | \$1,307 | 2 | 30 | \$78,420 |
| Tennessee Tech University | \$1,547 | 2 | 22 | \$68,068 |
| University of Memphis | \$1,511 | 2 | 73 | \$220,606 |
| Total: | | | | \$691,215 |
| University of Tennessee System: | | | | |
| UT Knoxville | \$1,792 | 2 | 43 | \$154,069 |
| UT Chattanooga | \$1,585 | 2 | 21 | \$66,549 |
| UT Martin | \$1,495 | 2 | 15 | \$44,835 |
| UT Southern | \$1,329 | 2 | 1 | \$2,658 |
| UT Health Science Center | \$1,749 | 2 | 4 | \$13,988 |
| Total: | | | | \$282,099 |
| Tennessee Board of Regents: | | | | |
| TN Community College | \$516 | 2 | 235 | \$242,614.00 |
| TN College of Applied Technology | \$541 | 2 | 76 | \$82,262.40 |
| Total: | | | | \$324,876 |

- The total recurring decrease to state revenue to public institutions of higher education is estimated to be a total of \$691,215 for LGIs; \$282,099 for UT; and \$324,876 for TBR beginning FY24-25 and each subsequent year.
- To the extent the proposed legislation incentivizes any persons aged 60-64 to enroll in public institutions of higher education, such institutions would forgo revenue from tuition and fees and realize increased revenue from service fees. Any such impacts cannot be quantified with reasonable certainty but are assumed to be minimal.
- Pursuant to Tenn. Code Ann. § 49-7-119(c), reimbursement to state-supported colleges, universities, and vocational-technical schools is limited to the availability of state funds that are specifically appropriated for fee waivers and discount programs by the General Assembly.
- Institutions receive a proportional distribution of available funds based on each school's share of the total amount of tuition and fee waivers used. Historically, the amount has averaged reimbursements of about 10.35 percent of the total amount of fee waivers and discounts issued.

- Any reimbursement to institutions for these fee waivers is subject to appropriation by the General Assembly and cannot be reasonably determined.
- Based on information provided by the Tennessee Higher Education Commission, these discounts would continue regardless of reimbursement.

CERTIFICATION:

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

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

Krista Lee Carsner, Executive Director

/lm