

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL MEMORANDUM**

HB 335 – SB 585

April 5, 2017

SUMMARY OF ORIGINAL BILL: Requires the Tennessee Student Assistance Corporation (TSAC) and the Tennessee Higher Education Commission (THEC) to collect data on the Tennessee Promise Scholarship program and to publish such data in the *Tennessee Postsecondary Education Factbook*.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (006816): Deletes and rewrites bill such that the amended bill requires students to submit an application for the dual enrollment grant (DEG) each academic year and to maintain at least a 2.75 grade point average for continued eligibility.

Exempts full-time employees of the state eligible for a waiver of tuition and fees pursuant to Tenn. Code Ann. § 8-50-114 who are required to work more hours each week than typically required of full-time employees for at least four weeks per year from the requirement that the waiver be used for only one course at a time. Establishes certification of eligibility for this exemption to be completed by the applicant's employer at the time of application for the waiver. Prohibits an employee from exceeding enrollment in more than four courses per academic year.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

On April 4, 2017, a fiscal memorandum was issued with the following estimated impact:

*Decrease State Revenue - Exceeds \$60,400/State University System
Exceeds \$14,300/Public Community Colleges
Exceeds \$59,500/University of Tennessee*

Based on further analysis, this impact was determined to be in error. The corrected impact is as follows:

(CORRECTED)

**Forgone State Revenue – Exceeds \$25,200/State University System
Exceeds \$4,800/Public Community Colleges
Exceeds \$26,400/University of Tennessee**

HB 335 – SB 585 (CORRECTED)

Corrected assumptions for the bill as amended:

- Students are currently required to submit an application for the DEG each semester pursuant to Tenn. Code Ann. § 49-4-930 and maintain at least a 2.75 grade point average for continued eligibility.
- Based on the information provided by TSAC, requiring students to submit an application for each academic year under the provisions of this legislation will not have a significant impact on the number of students eligible to receive the DEG. Therefore, any related fiscal impact to state government is estimated to be not significant.
- Pursuant to Tenn. Code Ann. § 8-50-114, full-time state employees are currently authorized to use a tuition waiver for a maximum of one course at a time at any state institution of higher education, for up to four courses per academic year.
- Eligible full-time state employees that meet certain requirements will be authorized to use more than one tuition waiver at a time under the provisions of this proposed legislation. However, such state employees will still be prohibited from receiving such waiver for more than four courses per academic year.
- For purposes of this analysis, it is reasonably assumed state employees receive multiple one-course waivers within each academic year.
- It is further assumed the provisions of the proposed legislation will only impact those state employees who are currently not receiving a waiver during periods when their work schedules demand more than 37.5 hours per week for multiple weeks.
- Based on information provided by the Tennessee Board of Regents (TBR) and the University of Tennessee (UT), the following full-time employee one-course tuition waivers were received in FY15-16:
 - 246 waivers within the state university system (SUS);
 - 111 waivers within the community college system; and
 - 176 waivers within the UT system.
- Based on the information provided by TBR and UT, the following are the estimated FY17-18 cost per waiver based on an annual three percent tuition increase:
 - \$5,034 ($\$4,745 \times 103\% \times 103\%$) per course in SUS;
 - \$2,379 ($\$2,242 \times 103\% \times 103\%$) per course in community colleges; and
 - \$6,612 ($\$6,232 \times 103\% \times 103\%$) per course in the UT system.
- Assuming at least 40 percent of all waivers are received by state employees who take multiple courses throughout the year and further assuming the provisions of the proposed legislation will result in five percent of those individuals taking one additional course that would not be received through a waiver in absence of the bill, the estimated recurring forgone revenue at each system is as follows:
 - \$25,170 [$(246 \text{ waivers} \times 40\% \times 5\%) \times \$5,034$] for the SUS;
 - \$4,758 [$(111 \text{ waivers} \times 40\% \times 5\%) \times \$2,379$] for the community college system; and
 - \$26,448 [$(176 \text{ waivers} \times 40\% \times 5\%) \times \$6,612$] for the UT system.

CERTIFICATION:

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



Krista M. Lee, Executive Director

/rbp