

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2705 - SB 2856

February 24, 2024

SUMMARY OF BILL: Authorizes a child under 24 years of age to receive a 25 percent discount on tuition to any state institution of higher education if the child's parent is a full-time employee, who has been employed for seven consecutive years in a public school or public charter school in Tennessee.

FISCAL IMPACT:

Decrease State Revenue –

**\$1,728,300/FY24-25 and Subsequent Years/
Locally Governed Institutions**

**\$1,672,500/FY24-25 and Subsequent Years/
University of Tennessee System**

**\$246,200/FY24-25 and Subsequent Years/
Tennessee Board of Regents**

Other Fiscal Impact – Any additional reimbursement in future years to institutions for 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:

- Pursuant to Tenn. Code Ann. § 49-7-119(a)(1)(A) full-time certified teachers' children under 24 years of age are eligible to receive such a discount.
- Full-time public school or charter school employees' dependents are estimated to have a similar rate of tuition discount waiver usage as full-time certified teachers' dependents.
- Based on the information provided by the Department of Education (DOE) the number of full-time employees of a public school or public charter school is estimated to be 52,932.
- The precise share of employees with a minimum of seven years of continuous employment is unknown. However, based on data from the Bureau of Labor Statistics, the medium years of tenure for education, training, and library occupations is five and

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half years. Therefore, it is estimated that 21,173, or 40 percent, will have been employed for seven consecutive years in FY24-25 (52,932 x 40%).

- There were an estimated 70,571 full-time teachers in FY22-23.
- Based on information provided by the Tennessee Higher Education Commission (THEC), the number of waivers issued per institution type in FY22-23 can be found in the assumptions below. THEC counts one full-time equivalent enrollment (FTE) waiver as the equivalent to an average of four waivers per course.

Assumptions relative to Locally Governed Institutions:

- There were 5,760 FTE waivers issued in FY22-23 from locally governed institutions (LGIs) for children of full-time teachers.
- At 4 classes per FTE, this represents a utilization rate of approximately 32.65 percent [(5,760 waivers x 4) / 70,571 teachers] of the total number of full-time teachers.
- The average course discount is estimated to be \$250 each.
- Applying the same utilization percentage used by the children of full-time teachers to the number of employees in a public school or public charter school, it is estimated that an additional 6,913 (21,173 employees x 32.65%) course waivers will be issued.
- The total amount of discounts is estimated to be \$1,728,250 (6,913 course waivers x \$250) for LGIs in FY24-25 and subsequent years.

Assumptions relative to the University of Tennessee System:

- There were an estimated 4,539 FTE waivers issued in FY22-23 from the University of Tennessee (UT) for children of full-time teachers.
- At 4 classes per FTE, this represents a utilization rate of approximately 25.73 percent [(4,539 x 4) / 70,571] of the total number of full-time teachers.
- The average course discount is estimated to be \$307 each.
- Applying the same utilization percentage used by the children of full-time teachers to the number of employees in a public school or public charter school, it is estimated that an additional 5,448 (21,173 employees x 25.73%) course waivers will be issued.
- The total amount of discounts is estimated to be \$1,672,536 (5,448 course waivers x \$307) for UT in FY24-25 and subsequent years.

Assumptions relative to the Tennessee Board of Regents:

- There were an estimated 1,559 FTE waivers issued in FY22-23 from a college under the Tennessee Board of Regents (TBR) for children of full-time teachers.
- At 4 classes per FTE, this represents a utilization rate of approximately 8.81 percent [(1,559 x 4) / 70,751] of the total number of full-time teachers.
- The average course discount is estimated to be \$132 each.
- Applying the same utilization percentage used by the children of full-time teachers to the number of employees in a public school or public charter school, it is estimated that an additional 1,865 (21,173 employees x 8.81%) course waivers will be issued.
- The total amount of discounts is estimated to be \$246,180 (1,865 course waivers x \$132) for TBR in FY24-25 and subsequent years.

Total Impact Assumptions:

- 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 waiver discounts issued.
- Any reimbursement to institutions for these fee waiver discounts 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

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