TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

HB 460 - SB 641

March 16, 2009

SUMMARY OF BILL: Authorizes retired state employees with at least 30 years of service to take one free course per term at state institutions of higher education.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - $42,900/FY09-10
$45,900/FY10-11

Forgone State Revenue - $128,700/FY09-10
$137,700/FY10-11

Assumptions:

- The number of retired state employees used for calculation purposes is 7,463.
- Thirty percent of these retired state employees have 30 or more years of service.
- The number of retired state employees eligible to participate in the program is estimated to be 2,239 (7,463 retired state employees x 30%).
- The cost of the state employee fee waiver program in FY07-08 was $2,222,701 for approximately 4,000 fee waiver courses, although only an estimated $550,000 was funded through state appropriations.
- The number of retired state employees who are expected to participate in this program is estimated to be 45 (2,239 retirees x 2%).
- Based on FY07-08 the cost for 45 retirees taking an estimated six hours each year (270 hours x $555) for a total cost of $149,900, of which $37,500 is state appropriations (25%) and $112,400 is forgone state revenue (75%).
- The Tennessee Higher Education Commission (THEC) has recommended an average tuition increase of 7%.
- The cost of the program in FY09-10 is estimated to be $42,900 in state appropriations and $128,700 in forgone state revenue.
- The cost of the program in FY10-11 is estimated to be $45,900 in state appropriations and $137,700 in forgone state revenue.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

James W. White, Executive Director

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