

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 3747 - HB 3744

March 7, 2012

SUMMARY OF BILL: Defines a Tennessee resident for the purposes of admission to a public institution of higher education. A student shall be considered a Tennessee resident if they are: (1) a financially independent student who has lived in Tennessee for at least one year prior to registration and has established a domicile for a purpose other than education residency; (2) a dependent student whose parent or parents or legal guardians maintain a domicile in Tennessee for at least one year prior to the commencement of the semester for which the student has registered; (3) a student who has spent his or her junior and senior year in high school in Tennessee, whose parents or legal guardians have lived in Tennessee for at least one year within the five-year period before the student graduated high school, and who enrolled in a public institution of higher education within six months of leaving high school and remains enrolled for two semesters in any calendar year; (4) any student who has graduated from high school in Tennessee or received its equivalent and who has attended three years of high school in Tennessee (with the added requirement such a student who is not United States citizen must submit an affidavit to the institution stating that they have filed or will file an application to become a permanent United States resident); (5) any student on active military duty stationed in Tennessee or who is a member of the Tennessee National Guard; (6) a student who is the spouse or dependent of a person on active military duty stationed in Tennessee; or (7) a student who resides in Tennessee and is the spouse or dependent of a member of the Tennessee National Guard. Prohibits any student considered a Tennessee resident from being charged out-of-state tuition. States that nothing in this section shall be construed to grant residency status or make in-state tuition available to a person who resides in Tennessee but is not a United States citizen or a person who is in the United States illegally.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$24,684,300/FY12-13 and Subsequent Fiscal Years

Assumptions:

- Lost revenues to higher education institutions will be replaced with state funds rather than higher tuition and fees.

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- According to the Tennessee Board of Regents and the University of Tennessee, only two of the seven residency designations listed in the bill will have a fiscal impact.
- TBR and UT do not currently include a student who spent their junior and senior years in high school in Tennessee, whose parents or legal guardians have been domiciled in Tennessee for at least one year within the five-year period before the student graduated, and who enrolls in a public institution of higher education within six months of leaving high school (residency designation number three in bill). TBR and UT also do not include students who are not United States citizens who have graduated from high school in Tennessee or received the equivalent of a diploma and who have attended at least three years of high school in Tennessee (residency designation number 4 in bill).
- All students added under this bill would have paid out-of-state tuition rates.
- For designation three, TBR estimates that of the 80,000 high school graduates, one half of one percent or 400 students will meet this residency requirement. Of the 400 students, TBR estimates that 12.5 percent or 50 students will attend a TBR institution and that this number will be consistent in subsequent fiscal years.
- According to TBR, the average difference between in-state and out-of-state tuition (TBR colleges and universities combined) is \$11,486.
- The increase in state expenditures for 50 additional students to receive in-state tuition will be \$574,300 ($\$11,486 \times 50$).
- For designation four, TBR estimates that 1,583 students will meet this residency requirement, attend a TBR institution, and pay the in-state tuition rate. The increase in state expenditures for these students will be \$18,182,338 ($\$11,486 \times 1,583$).
- The increase in state expenditures for TBR in FY12-13 and subsequent fiscal years will be \$18,756,638 ($\$574,300 + \$18,182,338$).
- For designation three, UT estimates that of the 80,000 high school graduates, that one-half of one percent or 400 students will meet this residency requirement. Of the 400 students, UT estimates that 3.2 percent or 13 students will attend a UT institution and that this number will be consistent in subsequent fiscal years.
- According to UT, the average difference between in-state and out-of-state tuition is \$15,807.
- The increase in state expenditures for 13 additional students to receive in-state tuition will be \$205,491 ($\$15,807 \times 13$).
- For designation four, UT estimates that 362 students will meet this residency requirement, attend a UT institution, and pay the in-state tuition rate. The increase in state expenditures for these students will be \$5,722,134 ($\$15,807 \times 362$).
- The increase in state expenditures for UT in FY12-13 and subsequent fiscal years will be \$5,927,625 ($\$205,491 + \$5,722,134$).
- The total increase in state expenditures in FY12-13 and subsequent fiscal years will be \$24,684,263 ($\$18,756,638 + \$5,927,625$).
- Any increase in state expenditures to keep an affidavit on file for students in designation four will be not significant.

CERTIFICATION:

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

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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