

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1754 - SB 1846

March 21, 2018

SUMMARY OF BILL: Requires the governing board of each state institution of higher education to require no more than six credit hours of humanities course work and at least three credit hours of economics course work to satisfy the institution's general education requirement beginning in the 2019-2020 academic year.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Net Impact -

Exceeds \$602,300/University of Tennessee

Exceeds \$1,204,500/Locally-Governed Institutions

Assumptions relative to University of Tennessee:

- Based on the information provided by the University of Tennessee, UT currently requires its students to complete six credit hours of humanities course work to satisfy the general education requirement.
- The proposed legislation will require UT to continue to require its students to complete six credit hours of humanities and will also require UT students to complete at least three credit hours of economics course work to satisfy the institution's general education requirement.
- Based on the information provided by UT, UT currently requires students to satisfy six credit hours of social/behavioral course work. UT currently offers several social/behavioral courses from which students can elect to take an economic course that will satisfy the requirements of the proposed legislation.
- The proposed legislation will not change the number of total credit hours students are required to earn to satisfy each of UT's general education requirements. Therefore, any tuition revenue impact is estimated to be not significant.
- UT will require additional staff due to students being required to take an economics course that would not have been required in the absence of the proposed legislation.
- It is reasonably assumed that each of the three UT campuses will require at least two additional full-time staff to teach additional economic courses. Therefore, the UT system will require six additional positions as a result of the proposed legislation.
- Based on the information provided by the U.S Bureau of Labor Statistics, the average annual salary of a postsecondary economics professor is \$94,450. Recurring benefits are estimated to be \$22,596.

HB 1754 - SB 1846

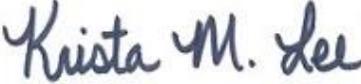
- The recurring increase in state expenditures to UT is estimated to exceed \$702,276 [(\$94,450 salary + \$22,596 benefits) x 6 positions].
- It is further assumed the proposed legislation may reduce class sizes for certain courses that students would have taken in lieu of a required economics course and may reduce the number of sections offered for certain courses. Thus, there will be a recurring decrease in state expenditures to UT estimated to exceed \$100,000.
- The net recurring increase in state expenditures to UT is estimated to exceed \$602,276 (\$702,276 – \$100,000).

Assumptions relative to Locally Governed Institutions:

- Based on the information collectively provided by each Locally-Governed Institution (LGI), each LGI currently requires students to complete nine credit hours of humanities course work to satisfy the general education requirement.
- The proposed legislation will require each LGI to reduce the humanities course work requirement to six credit hours and require students to complete at least three credit hours of economics course work to satisfy the institution's general education requirement.
- Based on the information collectively provided by each LGI, each LGI currently requires students to satisfy six credit hours of social/behavioral course work. Each LGI offers several social/behavioral courses from which students can elect to take an economic course that will satisfy the requirements of the proposed legislation.
- The proposed legislation will not change the number of total credit hours students are required to earn to satisfy each LGI's general education requirements. Therefore, any tuition revenue impact is estimated to be not significant.
- Each LGI will require additional staff due to students being required to take an economics course that would not have been required in the absence of the proposed legislation.
- It is reasonably assumed that each of the six LGIs will require at least two additional full-time staff to teach additional economic courses. Therefore, the LGI system will require 12 additional positions as a result of the proposed legislation.
- Based on the information provided by the U.S Bureau of Labor Statistics, the average annual salary of a postsecondary economics professor is \$94,450. Recurring benefits are estimated to be \$22,596.
- The recurring increase in state expenditures to LGIs is estimated to exceed \$1,404,552 [(\$94,450 salary + \$22,596 benefits) x 12 positions].
- It is further assumed the proposed legislation may reduce class sizes for certain courses that students would have taken in lieu of a required economics course and may reduce the number of sections offered for certain courses. Thus, there will be a decrease in state expenditures to LGIs estimated to exceed \$200,000.
- The net recurring increase in state expenditures to LGIs is estimated to exceed \$1,204,522 (\$1,404,522 – \$200,000).

CERTIFICATION:

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

Handwritten signature of Krista M. Lee in black ink.

Krista M. Lee, Executive Director

/rbp