



February 28, 2023

SUMMARY OF BILL AS AMENDED (004657): Codifies current rules and practices established by the Tennessee Student Assistance Corporation (TSAC) relative to the eligibility and selection of Minority Teaching Fellows Program (MTFP) recipients. Increases MTFP award amount from \$5,000 to the cost of tuition and fees, less all other gift aid at the institution in which the recipient is enrolled. Prohibits the award from exceeding the average cost of tuition and fees at public institutions of higher education. Converts MTFP awards from a scholarship loan awards program to a scholarship awards program made non-repayable effective for all scholarship loans that have not yet been executed prior to July 1, 2023 and in each subsequent year thereafter.

FISCAL IMPACT OF BILL AS AMENDED:

Increase State Expenditures - \$14,800/FY23-24

Exceeds \$14,800/FY24-25 and Subsequent Years

Decrease State Revenue – \$89,000/FY23-24

\$66,000/FY24-25

\$78,000/FY25-26

\$69,600/FY26-27 and Subsequent Years

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 49-4-706, the MTFP is a loan forgiveness program in which the Tennessee Students Assistance Corporation (TSAC) will forgive all loan balances awarded to recipients who meet certain requirements such as teaching in a minority school district for up to three consecutive years in a seven-year timeframe.
- Pursuant to Tenn. Code Ann § 49-4-706(b)(2) the MTFP requires recipients of the scholarship loan who did not meet the program requirements to make notes payable to TSAC with nine percent interest beginning September 1 after completion of the program, or immediately after termination of the scholarship loan.
- Increasing the MTFP award amount from \$5,000 to the cost of tuition and fees, less all other gift aid is estimated to increase state expenditures from the General Fund by \$510.
- New award amounts will vary based on gift aid received by each participant.
- Based on information provided by the TSAC, the estimated number of MTFP enrollees is 29.

- The increase in state expenditures from the General Fund is estimated to be \$14,790 (\$510 new reward x 29 recipients) in FY23-24.
- It is estimated that each year there will be an increase in tuition and the total number of reward recipients which will result in a recurring increase in state expenditures from the General Fund exceeding \$14,790 in FY24-25 and subsequent years.
- Pursuant to Tenn. Code Ann § 49-4-706(b)(2) the MTFP requires recipients of the scholarship loan to make notes payable to TSAC with nine percent interest beginning September 1 after completion of the program, or immediately after termination of the scholarship loan.
- Eliminating the nine percent interest rate and removing all principle repayments will result in the decrease in state revenue it would have received from recipients who would have had to pay the interest and principal back beginning in FY23-24 and FY24-25.
- Based on information provided by TSAC; 45 percent will not meet all requirement and would have made repayments including nine percent interest.
 - A total of \$182,500 was paid to 38 recipients of the MTFP award in FY20-21 and
 - An average of \$4,802.
 - An estimated 17 will repay in FY23-24 under current law.
 - A total of \$135,000 was paid to 29 recipients in FY21-22.
 - An average of \$4,655.
 - An estimated 13 will repay in FY24-25 under current law.
 - An estimated total of 159,790 will be paid to 29 recipients in FY25-26.
 - An average of \$5,510.
 - An estimated 13 will repay in FY25-26 under current law.
 - An estimated total of 139,360 will be paid to 24 recipients in FY26-27.
 - An average of \$5,807.
 - An estimated 11 will repay in FY26-27 under current law.
- The total decrease in state revenue is estimated to be \$88,981 [(\$4,802 x 17) + (\$4,802 x 17) x 9%]] in FY23-24.
- The total decrease in state revenue is estimated to be \$65,961 [(\$4,655 x 13) + (\$4,655 x 13) x 9%]] in FY24-25.
- The total decrease in state revenue is estimated to be \$78,078 [(\$5,510 x 13) + (\$5,510 x 13) x 9%]] in FY25-26.
- The total decrease in state revenue is estimated to be \$69,626 [(\$5,807 x 11) + (\$5,807 x 13) x 9%]] in FY26-27 and subsequent years.

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

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