

# FISCAL NOTE

## HB 2687 – SB 3536

March 31, 2006

**SUMMARY OF BILL:** Establishes opportunity scholarships for students in high priority public schools. Authorizes such students to transfer to other public schools or use an opportunity scholarship to attend a private school. The Commissioner of Education will award scholarships to eligible students until the student returns to public school or if the student chooses to attend a private school, up through grade 8. Sets out specific requirements for private schools' eligibility in the opportunity scholarship program.

### **ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$333,125/Department of Education**

**Increase Local Govt. Expenditures – Net Impact - Exceeds \$40,000,000\***

#### Assumptions:

- There are 158 schools on the state's high priority list, which corresponds to schools identified for improvement, corrective action, or restructuring under Section 1116 of the Elementary and Secondary Education Act of 1965. Only students who have attended a high priority school or will be attending one in the coming year would be eligible for the scholarships.
- Since the number of students who would apply for the scholarships is unknown, it is assumed that at least 5% of each school's average daily attendance (ADA) would apply. There are 114,913 eligible students in the 158 high priority schools. Five percent would be approximately 5,746 students. The amount of the scholarship would be a calculated amount equal to the average per pupil expenditure for pupils in the LEA or the amount of the private school's tuition and fees, whichever is less. Payment must be by individual warrant made payable to the student's parent and mailed by the department to the private school. Therefore, \$42,658,161 (5,746 students x \$7,366) for scholarships plus approximately \$333,125 for additional personnel in the Department of Education to manage and oversee the program. ( $\$42,658,161 + \$333,125 = \$42,991,286$ )
- Funds for implementation of this bill would come from the calculated amount equal to the average per pupil expenditure for pupils in the LEA which would include state, local and federal funds.
- A decrease in the number of students attending the LEA schools would decrease the total BEP funds received by the LEA since funds would be diverted from a traditional public school to a private school.
- Additional transportation costs of the LEA to transport students to higher

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performing schools, which might be outside current transportation zones. Such increase in cost could be significant.

- Students participating in the program must take all assessments required; however, the bill does not specify who is to pay for such assessments. The cost of assessments assumes these students would take at least 14 assessments during their school career. The average cost of each assessment is \$14 or \$80,444 for 5,746 eligible children to take one (1) assessment.
- Based on the language of the bill, funding to serve special education students is estimated to increase. However, the amount of funding needed to serve these students would depend on the services provided at the receiving school.
- An increase in local government expenditures to continue to pay fixed costs associated with school facilities.

\*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

### **CERTIFICATION:**

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

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with a large initial "J" and "W".

James W. White, Executive Director