

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 3193 - SB 3125**

March 4, 2010

**SUMMARY OF BILL:** Requires local education agencies (LEAs) to pay a percentage of health insurance premiums for support staff employees at a level set by the General Assembly that will be effective July 1, 2011. Continues the current authorization for the General Assembly to set a minimum contribution level for teachers.

**ESTIMATED FISCAL IMPACT:**

**Increase Local Expenditures – Exceeds \$911,200/FY11-12 and Subsequent  
Years\***

Assumptions:

- The General Assembly sets the threshold of LEA premium insurance payments for support staff at 30 percent.
- Monthly premiums are based on the PPO health insurance option. A family PPO monthly premium is \$1,195.44 and an individual monthly premium is \$478.98.
- Approximately 30 LEAs pay less than 30 percent of support staff insurance premiums. Data for these LEAs is not available at this time.
- Currently there are five LEAs not providing their support staff access to health insurance. These LEAs had approximately 662 support staff in the 2008-2009 school year.
- It is estimated that fifty percent of 662 (331) will enroll with 60 percent (199) enrolling in an individual plan and 40 percent (132) enrolling in a family plan.
- Total yearly cost for individual plan participants is estimated to be \$343,141 {[199 x \$478.98] x 12} x .30}. Total yearly cost for family plan participants is estimated to be \$568,073 {[132 x \$1,195.44] x 12} x .30}.
- Total increase in local expenditures in FY11-12 and subsequent years will exceed approximately \$911,214 (\$343,141 + \$568,073).
- No impact on the BEP formula.
- The BEP does not mandate that LEAs spend their BEP money item by item.
- When LEAs receive their monthly BEP payment, there is not a breakdown by major component category, therefore, LEAs are free to use money to best fit their needs.

- LEAs not funding any health insurance premiums for support staff or at lower than the BEP funded 30 percent threshold are using this money for other needs.
- LEAs will increase their level of funding so that the current level of service is not cut.

\*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:**

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

A handwritten signature in black ink that reads "James W. White". The signature is written in a cursive style with a large initial "J" and "W".

James W. White, Executive Director

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