

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 2788 - HB 2958**

February 15, 2010

**SUMMARY OF BILL:** Requires state-mandated tests to be conducted on May 1<sup>st</sup> or thereafter each school year. This will affect the Gateway and Tennessee Comprehensive Assessment Program (TCAP) tests.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$9,922,500 /FY10-11  
\$9,537,500 /FY11-12 and Subsequent Years**

**Increase Local Expenditures - \$51,400,000/FY10-11  
\$8,560,000/FY11-12 and Subsequent Years**

**Other Fiscal Impact – According to the Department of Education, federal Title I money may be jeopardized as a result of administering tests on or after May 1 if the state is unable to meet its federal reporting deadline. Such a loss is unable to be reasonably quantified; local education agencies (LEAs) receive approximately \$250,000,000 Title I money annually.**

Assumptions:

- By federal regulation, DOE must report adequate yearly progress to LEAs at least 14 days before the beginning of the school year. As a result, the state's annual reporting date for AYP scores have been moved to July 15 from August 1.
- The return and processing of materials is approximately two weeks and data gathering, analysis, and reporting approximately six weeks.
- The state will implement an online testing structure to speed the delivery and grading of tests. Currently hard copies of test go to a regional grading site for scoring.
- According to DOE, it will cost approximately \$30,000 per school for hardware upgrades including fiber optic cable and secure transmission lines. The state will not provide these upgrades to the LEAs. Local expenditures in FY10-11 for hardware and other technology upgrades are estimated to be \$51,360,000 (\$30,000 x 1,712 schools).
- LEAs will annually maintain and upgrade their system and provide additional professional development for technology staff. This is estimated by DOE to be a recurring increase in local expenditures of \$5,000 to \$10,000 per school. LEA expenditures in FY11-12 and subsequent years are estimated to be approximately \$8,560,000 (1,712 schools x \$5,000).

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- The state will maintain and upgrade the actual on-line component at an annual cost of approximately \$9.75 per student in grades 3-8. There are approximately 930,000 students in grades three through 12 for a total increase in state expenditures of \$9,067,500 ( $\$9.75 \times 930,000$ ).
- State expenditures will increase approximately \$855,000 for web-site setup and maintenance. Of this, approximately \$470,000 will be recurring and approximately \$385,000 will be one-time expenditures.
- Total increase in state expenditures in FY10-11 will be approximately \$9,922,500 ( $\$9,067,500 + \$855,000$ ).
- Total increase in state expenditures in FY11-12 and subsequent years will be approximately \$9,537,500 ( $\$470,000 + \$9,067,500$ ).
- Though LEA Title I funding is made available on July 1, it is not finalized with the federal government until October when the new federal fiscal year begins. If an LEA is determined to be failing AYP after the Title I money is released, the state will have to make adjustments and effectively take money away.
- LEAs receive approximately \$250,000,000 annually in federal Title I money.

#### **CERTIFICATION:**

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 horizontal line extending from the end.

James W. White, Executive Director

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