

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 2908 – HB 3234

April 11, 2012

SUMMARY OF AMENDMENT (016354): Deletes all language after the enacting clause. Removes the restrictions on the creation of municipal school districts in Tenn. Code Ann. § 6-58-112(b)(1) in any county in which a special school district has transferred administration of schools to the county board of education as prescribed in Tenn. Code Ann. § 49-2-502. Restrictions shall be removed on and after the effective date of the transfer.

FISCAL IMPACT OF ORIGINAL BILL:

(CORRECTED)

Other Fiscal Impact – Any municipality choosing to form a new municipal school district will become a local education agency (LEA) independent from the county LEA; will receive money from the state through the Basic Education Program (BEP); and will have a new local BEP maintenance of effort (MOE) requirement. BEP funding will shift from the county LEA to the new municipal LEA. The shift in BEP funding from the county to the new municipal LEA is unknown but is estimated to exceed \$5,916,000. The exact amount of the new local MOE is unknown and will depend on the number of students in the new LEA and the fiscal capacity of the new school district. Any increase in permissive local expenditures to fund the new school district's portion of the BEP local match is estimated to exceed \$3,139,500. The MOE for the county LEA will be reduced according to the number of students who leave the county LEA. The total increase in permissive local funding will likely be higher than the new MOE; however, this amount cannot be reasonably quantified or estimated

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

NOT SIGNIFICANT

Assumption applied to amendment:

- Currently, this language is codified in Tenn. Code Ann. § 49-2-502. Adding this language to Tenn. Code Ann. § 6-58-112(b) will not have a significant fiscal impact on state or local government.

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CERTIFICATION:

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

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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