

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2038 - SB 1776

March 24, 2011

SUMMARY OF BILL: Requires students to show grade-level proficiency for the purposes of promotion, either through standardized test scores or their grades on coursework. Prohibits promotion of students unless proficiency is demonstrated.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$1,950,000/One-Time
\$175,082,800/Recurring**

Increase Local Expenditures - \$92,651,200*

Assumptions:

- According to the Department of Education's 2009-2010 Annual Statistical Report, the number of students retained in school year 2009-10 was 21,033 and 900,409 were promoted to the next grade level.
- It is estimated that five percent of those that were promoted will fail (45,020). The 45,020 will be additional ADM within the BEP formula.
- According to the DOE, each new student will generate a total of \$5,947 in BEP money with \$3,889 state and \$2,058 local match.
- The total increase in state BEP expenditures will be \$175,082,780 ($\$3,889 \times 45,020$).
- The total increase in local BEP match will be \$92,651,160 ($\$2,058 \times 45,020$).
- The state will develop exit exams for each grade (K-12) at a cost of \$150,000 per exam. The one-time increase in state expenditures will be \$1,950,000 ($\$150,000 \times 13$).

*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.*

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CERTIFICATION:

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

A handwritten signature in blue 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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