

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 702 – SB 830

April 17, 2013

SUMMARY OF ORIGINAL BILL: Extends, from 10 to 20, the number of days that a sponsor of a public charter school may appeal to the State Board of Education (SBE), a local board of education's denial of a public charter school application.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (007291): Deletes all language after the enacting clause. Requires the State Board of Education (SBE) to be the chartering authority for schools the Board approves upon appeal following the denial of an initial or renewal public charter school application by a local education agency (LEA) containing at least one priority school on the current or last preceding priority school list. If the State Board overturns a denial from a public charter school proposing to reside in an LEA that does not contain at least one priority school, the LEA shall be the chartering authority. The decision of the SBE appeals in all cases shall be final and not subject to appeal. For charter schools that the SBE approves, the SBE shall be the oversight and monitoring body. The Department of Education shall assist the SBE as requested. Authorizes public charter schools approved by the SBE to be overseen and monitored by the LEA through mutual agreement between the public charter school and the LEA. If a public charter school is authorized by the SBE but renewed by the LEA, the LEA shall become the chartering authority. The performance of public charter schools overseen and monitored by the SBE shall not be attributable to the LEA. Public charter schools authorized by the SBE shall receive the full state and local Basic Education Program (BEP) funding and federal funding due to other public charter schools in accordance with Tenn. Code Ann. § 49-13-112. Federal and state BEP funding will be received by charter schools authorized by the SBE directly from the Department of Education. Authorizes public charter schools to enroll students from outside the jurisdiction of the LEA. Authorizes a chartering authority to take into account current and past performance, or lack thereof, of any charter school operated by the sponsor. Sets forth the process by which the SBE shall hear appeals of LEA denials of public charter schools. If the denial of the charter school application is based on substantial negative fiscal impact, the SBE shall consider the financial impact of the charter school on the LEA. Prohibits the approval of any public charter school that will have a negative fiscal impact on the LEA such that the

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authorization would be contrary to the best interests of the pupils, school district, or community. The new appellate process shall take effect for applications that are denied for public charter schools proposing to open in the 2015-2016 academic year.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures - \$145,200/FY13-14 \$199,300/FY14-15 and Subsequent Years

Assumptions for the bill as amended:

- According to the SBE, two additional personnel will be hired. One staff member will be hired immediately and will provide content and technical expertise and is estimated to have a salary of \$75,000 and benefits of \$22,500. One staff member will be hired beginning in January of 2014 and will provide monitoring and compliance services and is estimated to have a salary of \$22,500 and benefits of \$6,600 in FY13-14 with a full salary of \$45,000 and full benefits of \$13,200 in FY14-15 and subsequent fiscal years.
- The increase in state expenditures for new personnel in FY13-14 is estimated to be \$126,600 (\$75,000 + \$22,500 + \$22,500 + \$6,600).
- The recurring increase in state expenditures for new personnel in FY14-15 and subsequent fiscal years is estimated to be \$155,700 (\$75,000 + \$22,500 + \$45,000 + \$13,200).
- The SBE estimates that in FY13-14, equipment and supplies will be \$5,000; travel will be \$10,000, and office rental will be \$3,600; for total state expenditures of \$18,600 (\$5,000 + \$10,000 + \$3,600). In FY14-15 and subsequent years, travel costs are estimated to increase to \$20,000; for total recurring state expenditures of \$28,600 (\$5,000 + \$20,000 + \$3,600).
- The SBE will conduct additional meetings as needed. The SBE estimates that at least three additional meetings will be conducted annually beginning in FY14-15. Each meeting costs approximately \$5,000; thus recurring state expenditures of \$15,000 (3 meetings x \$5,000).
- The total increase in state expenditures in FY13-14 is estimated to be \$145,200 (\$126,600 + \$18,600).
- The total recurring increase in state expenditures in FY14-15 and subsequent years is estimated to be \$199,300 (\$155,700 + \$28,600 + \$15,000).
- No increase in the number of authorized public charter schools that would have been denied under current law through the appeals process that the state charter school panel will hold.

- No change in state or local Basic Education Program funding.
- Any decrease in local expenditure as a result of fewer public charter schools being overseen by local education agencies is estimated to be not significant.

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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