

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 702 – SB 830

March 31, 2014

SUMMARY OF ORIGINAL BILL: Extends, from 10 to 20, the number of days that 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 (007412): 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 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.

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FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

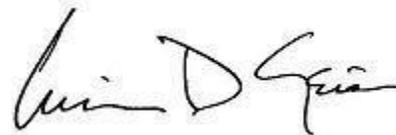
**Increase State Expenditures - \$217,300/FY14-15
\$207,300/FY15-16 and Subsequent Years**

Assumptions for the bill as amended:

- According to the SBE, two personnel will be hired. One staff member will provide content and technical expertise and is estimated to have a salary of \$75,000 and benefits of \$22,500; a total of \$97,500 (\$75,000 + \$22,500). One staff member will provide monitoring and compliance services and is estimated to have a salary of \$45,000 and benefits of \$13,200; a total of \$58,200 (\$45,000 + \$13,200).
- The recurring increase in state expenditures for personnel is estimated to be \$155,700 (\$97,500 + \$58,200).
- The SBE estimates the recurring increase in expenditures for equipment and supplies will be \$5,000; office rental \$3,600; and travel \$20,000; total recurring state expenditures of \$28,600 (\$5,000 + \$3,600 + \$20,000).
- The SBE will pay for its new personnel to join the National Association of Charter School Authorizers (NACSA) at a cost of \$2,500 annually. SBE staff will also receive annual training and operational help from NACSA at a cost estimated to be \$20,500 (\$15,500 training + \$5,000 development and operations) per year.
- The recurring increase in state expenditures for NACSA related expenses is estimated to be \$23,000 (\$2,500 + \$20,500).
- The SBE will also contract with NACSA on a one-time basis for technical support surrounding policy governance and structure for the new appellate process. The SBE estimates this one-time increase in state expenditures will be \$10,000.
- The total increase in state expenditures in FY14-15 is estimated to be \$217,300 (\$155,700 personnel + \$28,600 office supplies and travel + \$23,000 training + \$10,000 one-time technical support).
- The increase in state expenditures in FY15-16 and subsequent years is estimated to be \$207,300 (\$217,300 - \$10,000 FY14-15 one-time expenditures).

CERTIFICATION:

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



Lucian D. Geise, Executive Director

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