

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 272 - HB 308

March 1, 2013

SUMMARY OF BILL: Authorizes promotion of a third-grade student to the fourth grade, if the student participates in a local education agency (LEA)-approved, research-based intervention program prior to the beginning of the next school year, and upon retesting, shows a basic understanding of the curriculum and ability to perform the required skills in the subject of reading. Excludes students with disabilities or who have a determination of limited English proficiency. Requires students to be retained under retesting requirements at the end of the 2013-2014 academic year.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures –

Exceeds \$143,000/Each Fiscal Year FY13-14 through FY22-23

Exceeds \$8,976,400/FY23-24 and Subsequent Fiscal Years

Increase Local Expenditures –

Exceeds \$4,643,400/FY23-24 and Subsequent Fiscal Years

Assumptions:

- Based on information provided by the Department of Education, it is estimated that at least 4,360 students would be eligible to participate in a LEA research-based intervention program in FY13-14.
- Students will not be required to participate in an intervention program; however, it is estimated that 100 percent of those eligible will participate and be retested by the LEA.
- Of those students retested, DOE estimates that 50 percent (or a minimum of 2,180) will be retained and 50 percent (or a minimum 2,180) will be promoted.
- For the purposes of this fiscal note, it is assumed that the retesting will not be a Tennessee Comprehensive Assessment Program (TCAP) test, but an “off-the-shelf” test that the state will purchase and ship to the LEA.
- According to DOE, the cost of retesting using this format is estimated to be \$25 per student with a \$250 shipping fee for each LEA.
- The recurring increase in state expenditures for retesting is dependent upon multiple unknown factors, including the number of third graders enrolled in an academic year, the number who participates in a LEA research-based intervention, and the number of students who pass and fail a retest in an academic year. However, the recurring increase

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in state expenditures for retesting is estimated to exceed \$143,000 [(\$25 x 4,360) + (\$250 x 136)] each fiscal year FY13-14 through FY22-23.

- Retaining 2,180 students at the end of the 2013-2014 academic year will result in additional recurring increases to state and local government expenditures beginning with the 2023-24 academic year (or FY23-24). This will occur because third grade students retained after the 2013-14 academic year (or FY13-14), that would have otherwise graduated from high school following the 2022-23 academic year (or FY22-23), will be in their senior year of high school during the 2023-24 academic year (or FY23-24). As a result, these students will still be funded by the Basic Education Program (BEP) funding formula.
- The BEP currently funds each student at an average of \$6,182 (\$4,052 state and \$2,130 local required match).
- In FY23-24 and subsequent fiscal years, the recurring increase in state expenditures will exceed \$8,833,360 (2,180 students x \$4,052); the recurring increase in local government expenditures will exceed \$4,643,400 (2,180 students x \$2,130).
- Including the on-going testing requirement, the recurring increase in state expenditures beginning in FY23-24 is estimated to exceed \$8,976,360 (\$8,833,360 + \$143,000).
- No increase in the number of LEA research-based interventions.

CERTIFICATION:

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



Lucian D. Geise, Executive Director

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