

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 2139 - HB 2047**

March 12, 2014

**SUMMARY OF BILL:** Creates the “Individualized Education Act”. Authorizes parents or guardians of special education students to receive payments into their child’s Individual Education Account (IEA) in order to enroll their child in a participating non-public school. The maximum amount of funding that a student may be eligible for is the amount of state and local required Basic Education Program (BEP) funding. Sets forth eligibility requirements and how such funding may be used. Sets forth the duties of the Department of Education in administering the program. For the purposes of enrollment, participating students shall be counted toward the enrollment data for their home local education agency (LEA).

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures –**

**\$289,100/FY14-15**

**\$272,600/FY15-16 and Subsequent Years**

**Decrease Local Revenue –**

**\$1,742,000/FY14-15**

**Exceeds \$1,742,000/FY15-16 and Subsequent Years**

**Decrease Local Expenditures –**

**Exceeds \$1,000,000/FY14-15 and Subsequent Fiscal Years**

**Other Fiscal Impact – There will be annual shifts of state and local BEP funding from local education agencies to the various Individual Education Accounts of students participating in the proposed program. An estimated \$6,562,000 will shift in FY14-15 and an amount estimated to exceed \$6,562,000 will shift in FY15-16 and subsequent years.**

Assumptions:

- The DOE will hire four new positions to manage the IEA program statewide.
- Salary and benefits for a director position are estimated to be \$89,728; for one Education Consultant position is estimated to be \$81,381; for one finance position is estimated to be \$62,743; and for one administrative position is estimated to be \$38,700. Therefore, a

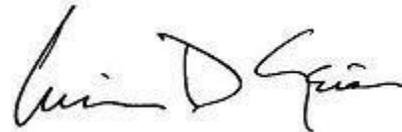
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recurring increase in state expenditures of \$272,552 (\$89,728 + \$81,381 + \$62,743 + \$38,700).

- These positions will also require one-time expenses related to equipment and supplies estimated to be \$16,500.
- The total increase in state expenditures for personnel in FY14-15 is estimated to be \$289,052 (\$272,552 + \$16,500).
- The recurring increase in state expenditures for personnel in FY15-16 and subsequent years is estimated to be \$272,552.
- According to the Department of Education, an estimated 111,121 students were eligible to receive special education services.
- A minimum of 1,000 students will participate in FY14-15. It is assumed this number will increase in FY15-16 and subsequent years.
- The amount of funding transferred in FY14-15 is estimated to be \$6,562 per pupil and is estimated to exceed \$6,562 per pupil in FY15-16 and subsequent years.
- The amount of funding that will transfer from LEAs to the various IEA accounts is estimated to be \$6,562,000 ( $\$6,562 \times 1,000$ ) in FY14-15, and is estimated to exceed \$6,562,000 in FY15-16 and subsequent years.
- The cost to provide special education services varies widely by student and by LEA.
- LEAs will have a decrease in expenditures as a result of no longer providing services to participating students. This decrease cannot be reasonably quantified but is estimated to exceed \$1,000,000 statewide in FY14-15 and subsequent years.
- Participating students will not be eligible to receive federal funding for special education and related services. Currently the state receives federal funding from the Individuals with Disabilities Act (IDEA). This funding is passed through to local governments.
- Based on information provided by DOE, the decrease in local revenue as a result of reduced federal funding from the federal Individuals with Disabilities Act (IDEA) is estimated to be \$1,742 per student annually; a total decrease in local revenue of \$1,742,000 ( $\$1,742 \times 1,000$ ) in FY14-15. It is estimated that the extent of reduced federal funding will increase in FY15-16 and subsequent years as scholarship program enrollment increases.
- No change in the BEP funding formula.

## **CERTIFICATION:**

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



Lucian D. Geise, Executive Director

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