

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2405 - HB 2332

February 24, 2014

SUMMARY OF BILL: Requires the state to discontinue use of the Common Core state standards on July 1, 2014, and to revert to the standards adopted for English language arts and mathematics that were in use prior to the adoption of Common Core. Requires the State Board of Education to develop and adopt new Tennessee specific state standards in English language arts and mathematics.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$21,100,000/FY14-15
\$3,939,000/FY15-16 and Subsequent Years**

Increase Local Expenditures – Exceeds \$1,000,000/FY14-15*

Other Fiscal Impact - It is unclear how this change will impact the state's federal Elementary and Secondary Education Act waiver and portions of the Race to the Top (RTT) grant funding, a majority of which has already been received by the state. Depending on the federal Department of Education's response, the federal government may withhold future federal funding or require the state to pay back a portion of the RTT grant funding that has already been received. Any such fiscal impact cannot be reasonably quantified and is dependent upon multiple unknown factors.

To the extent local education agencies elect to purchase new textbooks as a result of the new state assessment prompted by passage of this bill, the one-time permissive increase in local government expenditures is reasonably estimated to exceed \$1,000,000.

Assumptions:

- The state will not use the Partnership for Assessment of Readiness for College and Career (PARCC) assessment.
- The state will revert to the Tennessee Diploma Project standards for one year, with the implementation of new state standards to take place at the beginning of the 2015-16 academic year.

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- The state will develop a new test to align with existing state curriculum standards with the approval of the General Assembly. The new test will be implemented in the 2015-16 academic year.
- Currently, the state is not spending any funds on PARCC test development. Using historical test development costs, the DOE estimates a one-time increase in state expenditures of \$10,100,000 for the development of new state assessments. This one-time state expenditure will occur in FY14-15.
- Using expenditures for the development and training for new social studies standards in 2012-13, DOE estimates the one-time increase in state expenditures to develop new standards in reading and mathematics is \$11,000,000. This one-time state expenditure will occur in FY14-15.
- The total one-time increase in state expenditures is estimated to be \$21,100,000 (\$10,100,000 + \$11,000,000).
- According to DOE, the state will spend an amount between \$21,000,000 and \$25,000,000 on the PARCC test administration. The exact amount being dependent upon multiple unknown factors such as the number of students who will take the PARCC test using pen and paper. However, and for the purpose of this fiscal note, it is reasonably assumed the cost to the state would be \$23,000,000.
- DOE estimates that the cost to administer new state tests that meets state standards would be approximately \$26,939,000.
- The difference between what the state is estimated to spend on the administration for PARCC assessments and the administration of a new state assessment is \$3,939,000 (\$26,939,000 - \$23,000,000). Therefore, the recurring increase in state expenditures for administering new state assessments is estimated to be \$3,939,000 beginning in FY15-16.
- The net recurring increase in state expenditures is estimated to be \$3,939,000 in FY15-16 and subsequent fiscal years.
- Reversion to the Tennessee Diploma Project curriculum standards for one additional academic year will require teachers to be retrained on these standards. The state will not share in the cost for this training. The mandatory one-time increase in local expenditures to retrain teachers on Tennessee Diploma Project is reasonably estimated to exceed \$1,000,000 statewide. This mandatory one-time local expenditure will occur in FY14-15.
- The adoption of new state standards may take place in conjunction with the textbook purchasing cycle. However, if the adoption of new standards and the textbook cycle did not happen concurrently, the state would not require local education agencies (LEAs) to purchase new textbooks. To the extent LEAs elect to purchase new textbooks as a result the new state assessment prompted by passage of this bill, the one-time permissive increase in local government expenditures is reasonably estimated to exceed \$1,000,000.

*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.*

CERTIFICATION:

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



Lucian D. Geise, Executive Director

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