

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2087 – SB 2128

March 29, 2016

**SUMMARY OF ORIGINAL BILL:** Requires the county mayor to provide data to the State Treasurer regarding the amount of any educational incentive paid in the county and the number of persons receiving such incentive. Requires the State Treasurer to compile an annual report including such data and make it available in electronic format.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (015022):** Deletes all language of the original bill.

Requires the timeline for the budget of a local education agency to be established by the county legislative body in concurrence with the county board of education. Creates requirements for budgetary schedules and procedures, in the absence of locally adopted schedules and procedures, and sets specific dates for each requirement. Exempts counties Shelby, Davidson, Knox, and Hamilton Counties.

In the event a county legislative body and the county school board fail to agree upon a budget for the county department of education by August 31 of any year, requires the budget for a county department of education to be equal to the minimum budget required to comply with the local match and maintenance of effort provisions of the Basic Education Program. If such disagreement continues for three years, a three percent budget increase is required.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Other Fiscal Impact – To the extent a county legislative body fails to reach an agreement on a budget with a local school board for three consecutive years, there would be a mandatory and recurring increase in local government expenditures reasonably estimated to exceed \$350,000\* after the third year of any such disagreement.**

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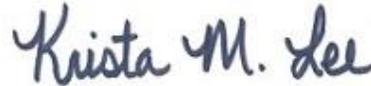
Assumptions for the bill as amended:

- Based on information from the Office of Research and Education Accountability, there will be no impact on state expenditures.
- The precise fiscal impact to local government is dependent upon multiple unknown factors, including but not limited to, the specific county in which any such disagreement may occur, the timing of any such disagreement, the extent of any such disagreement between the county and the local school board, and the extent of any local school board budget.
- In the event a county fails to agree with a local school board budget for three consecutive years, a three percent budget increase will be required. It is reasonably assumed that a three percent budget increase will effectuate a mandatory and recurring increase in local government expenditures reasonably estimated to exceed \$350,000 after the third fiscal year of any disagreement.

*\*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.



Krista M. Lee, Executive Director

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