

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 824 - SB 884**

March 6, 2015

**SUMMARY OF BILL:** Requires the Basic Education Program (BEP) funding formula's instructional positions component for FY15-16 to be increased to the average statewide licensed teacher salary as determined for the 2013-2014 academic year by the BEP review committee in its November 2014 report. Requires the dollar value of the BEP instructional positions component be adjusted in subsequent fiscal years in accordance with the General Appropriations Act.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$514,703,000**

**Increase Local Expenditures - \$4,890,000**

**Other Fiscal Impact – LEAs not required by the state to increase their BEP local match funding may elect to increase local funding for positions. Any permissive increase in local expenditures will be dependent upon each LEA's decision and cannot be reasonably quantified.**

Assumptions:

- The FY14-15 average statewide licensed teacher salary is \$50,116.
- Based on the BEP review committee's November 2014 report and confirmed by the Department of Education (DOE), the recurring increase in state expenditures to raise the instructional position component to the salary level specified in the bill is \$514,703,000.
- Once an increase in the BEP formula is funded by the General Assembly, this increase becomes a part of the annual starting BEP base from which the state and local governments budget from each year.
- Most local education agencies (LEAs) currently exceed the required BEP local match contribution. For these LEAs, the increase in state BEP funding will not require an increase in the local match.
- There are 16 LEAs that will be required to increase their local match. Based on information received from the DOE, the total increase in local match is estimated to be \$4,890,000.

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- State and local funding for the BEP instructional position component must be used for salaries or benefits.

**CERTIFICATION:**

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



Jeffrey L. Spalding, Executive Director

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