

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1481 - SB 1599

February 1, 2016

SUMMARY OF BILL: Creates a bonus payment system for tenured teachers who receive performance evaluations of “above expectations” or “significantly above expectations” for at least four years of any five-year period beginning with the FY17-18 academic year, provided the teacher has not received the bonus payment in the previous five years. Requires eligible teachers to receive a bonus of \$5,000 paid from the Education Trust Fund. Requires local education agencies (LEAs) to identify teachers eligible for bonus payments and report their eligibility to the Department of Education (DOE).

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$115,000,000/FY21-22/Education Trust Fund
Exceeds \$23,000,000/FY22-23 and Subsequent Years/
Education Trust Fund**

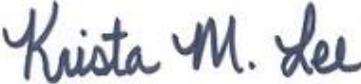
Assumptions:

- Each eligible teacher will receive a \$5,000 bonus.
- The first five-year period would begin in FY17-18 and run through FY21-22; therefore, the first bonus payments are anticipated to occur in FY21-22.
- According to the DOE, recent teacher performance information would result in approximately 23,000 tenured teachers receiving the bonus in FY21-22.
- The increase in state expenditures from the Education Trust Fund in FY21-22 is estimated to be \$115,000,000 (23,000 x \$5,000).
- In FY22-23 and subsequent years, the DOE estimates that a minimum number of teachers equivalent to approximately 20 percent of the first-year recipients (or a minimum of 4,600) will receive the bonus.
- The recurring increase in state expenditures from the Education Trust Fund in FY22-23 and subsequent years is estimated to exceed \$23,000,000 (4,600 x \$5,000).

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CERTIFICATION:

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



Krista M. Lee, Executive Director

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