

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2818 - SB 2672

March 19, 2020

**SUMMARY OF ORIGINAL BILL:** Authorizes local boards of education to enter into continuing contracts governing the use of some or all of the LEA's schools in case of casualty losses or natural disasters.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENTS (017322, 017335, 017357):** Amendment 017322 deletes all language after the enacting clause. Declares that the Tennessee Comprehensive Assessment Program (TCAP) tests, including but not limited to, TNReady Assessments, English learner assessments, alternate TCAP assessments, and end-of-course examinations, shall not be required in the spring of the 2019-20 school year. Authorizes a local education agency (LEA) to voluntarily administer TCAP tests in the 2019-20 school year. Excludes any component or measure derived from TCAP and related assessments administered in the 2019-20 school year, from which student performance and student growth data is generated, from being used for: evaluating teachers (unless the use results in a higher score for the teacher), calculating a student's final grade (unless the use results in a higher final grade for the student), assigning letter grades to schools (unless the use results in a higher letter grade for the school), identifying schools as priority schools, or assigning a school to the achievement school district. Excludes students from having to take and pass the required civics test to meet the social studies course credit requirements to earn a full diploma upon graduation from high school.

Requires the Commissioner of the Department of Education (DOE) to waive the requirement for 180 days of classroom instruction for the 2019-20 school year. Establishes that state funding for LEAs will be unaffected due to the cessation of school operations. Establishes that justifiable cause exists for the 2019-20 school year and excludes an LEA from the requirements of petitioning DOE to receive state funds pursuant to this section. Waives the requirements for students to take the postsecondary readiness examination in grade 11 for the 2019-20 school year.

Requires the Commissioner of DOE, upon application by an LEA and approval by the State Board of Education (SBE), to waive a rule or statute that hinders the LEA's ability to meet its goals or missions as a result of the COVID-19 outbreak during the 2019-20 school year.

Requires the Commissioner of DOE to submit a report on the implementation of this section to the Education Committees of the Senate and the House of Representatives by February 28<sup>th</sup>, 2021. This section is repealed on March 1<sup>st</sup> 2021.

Requires DOE to seek a waiver from the U.S. Department of Education or seek to amend Tennessee's Every Student Succeeds Act (ESSA) Plan as necessary and appropriate to implement this Act. Requires SBE to revise the high school graduation requirements for the 2019-20 school year. Authorizes SBE, the Tennessee Student Assistance Corporation, and public higher education institutions to promulgate emergency rules to protect from adverse effects from school closures due to COVID-19.

Amendment 017335 deletes and adds language to the amended bill 017322 such that the only substantive change is to specify that LEAs are not prohibited from evaluating certain teachers using an alternative growth model for the 2019-2020 school year.

Amendment 017357 adds language to repeal the Tennessee Education Savings Account Pilot Program signed into law as Public Chapter No. 506. Deletes Tennessee Code Annotated §§ 49-6-2601 through 49-6-2612.

## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:**

**Decrease State Expenditures – Exceeds \$1,000,000/FY19-20  
\$41,880,100/FY20-21 and Subsequent Years**

**Decrease Local Expenditures – \$192,500/FY21-22 and Subsequent Years**

**Other Fiscal Impact – Passage of this legislation will prevent a shift in BEP funding amongst local education agencies estimated as follows: \$36,881,150 in FY21-22; \$55,321,725 in FY22-23; \$73,762,300 in FY23-24; \$92,202,875 in FY24-25; and \$110,643,450 in FY25-26 and subsequent years.**

**This legislation may result in cost avoidance for both state and local governments and a change in funding for future fiscal years; however, due to multiple unknown factors the precise timing and amount of any cost avoidance or change in funding cannot be determined. Otherwise, the fiscal impact is considered not significant.**

Assumptions for the bill as amended:

*Amendments 017322 and 017335:*

- The proposed legislation removes the requirement for TCAP and related assessment testing from being administered in the spring of the 2019-20 school year; LEAs are authorized to voluntarily administer TCAP and related assessment to students upon the resumption of school operations.

- It is unknown how long public school closures will last as a result of the COVID-19 outbreak; it is further unknown how many LEAs may choose to voluntarily administer TCAP and related assessment testing should school operations resume in the spring of the 2019-20 school year.
- The COVID-19 outbreak has been declared a national emergency and it is assumed that any waiver or petition by states to the federal government will be granted; thus, federal funds will not be jeopardized as a result of compliance failures resulting from the current pandemic.
- This legislation may lead to some cost avoidance for LEAs and state government and may further impact how funding would have otherwise been calculated in FY20-21; however, due to multiple factors, including when public school operations will resume and whether any LEA will choose to administer TCAP and related assessment testing, a precise impact to state or local expenditures cannot be reasonably determined.
- Any costs associated with implementation of this legislation by the Department of Education is estimated to be not significant.

*Repeal of Public Chapter No. 506:*

- The proposed legislation removes the ESA program entirely.
- Based on the Governor's recommend budget document for FY20-21, funds for the ESA program are allocated as follows:
  - \$2,271,300 in FY19-20; and
  - \$41,880,100 in FY20-21.
- If the ESA program is repealed, then these expenditures will not occur.
- Currently, \$1,476,312 of the FY19-20 allocation remains unspent; this does not account for any additional invoices or reconciliations that may occur prior to the close of the fiscal year.
- It is estimated that for FY19-20, at least \$1,000,000 will revert back to the General Fund.
- It is estimated that state expenditures will decrease \$41,880,100 in FY20-21 and subsequent years.
- If ESAs are repealed, local education districts (LEAs) will continue to receive the funds that they had previously been receiving, resulting in a possible increase of local funding over what would happen in an ESA; however, LEAs will also have students to educate.
- It is estimated that the expenses to educate the students will be offset by the revenues, resulting in a net zero effect.
- Based on the analysis for HB 939, which was signed into law under Public Chapter 506, it was estimated that a shift in BEP funding amongst LEAs (assumes \$7,376.23 per pupil) would result as follows:
  - FY21-22 : \$36,881,150
  - FY22-23 : \$55,321,725
  - FY23-24 : \$73,762,300
  - FY24-25 : \$92,202,875
  - FY25-26 : \$110,643,450
- If the proposed legislation goes into effect, then the estimated shifts in BEP funding will not occur.

- The proposed legislation will decrease local expenditures for administering state assessments to students by \$192,475 in FY21-22 and subsequent years.

**CERTIFICATION:**

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

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/alh