TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

HB 245 – SB 1448

February 13, 2019

SUMMARY OF BILL: Requires the State Board of Education (SBE) to regulate all athletic events for cross country, football, soccer, volleyball, golf, basketball, bowling, wrestling, baseball, softball, tennis, and track events for public schools.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – $1,812,000/FY20-21 and Subsequent Years/ State Board of Education

Increase State Expenditures –
$538,900/FY19-20/State Board of Education
$2,019,800/FY20-21 and Subsequent Years/ State Board of Education

Assumptions Related to the Current Governing Body:

- Currently, the Tennessee Secondary School Athletic Association (TSSAA) and the Tennessee Middle School Athletic Association (TMSAA) administer the junior and senior high school athletic programs for an estimated 110,000 participants, 426 schools, an estimated 6,000 coaches, 5,000 officials, and almost 5,500 teams in Tennessee.
- Under this legislation, the SBE would assume the role of the TSSAA/TMSAA.
- The TSSAA has a budget in excess of $3,000,000, funded through member school dues, corporate sponsorships, and tournament revenue. However, the SBE has indicated it would probably not accept funds from corporate sponsorships due to the appearance of governmental endorsements of products and services. As a result, it is assumed the SBE will only operate from funding received from school dues and tournament revenues.

Assumptions Relative to SBE Revenue:

- The SBE will need at least one full year to hire additional staff, create regulations, and plan events. Thus, it is assumed that the SBE will receive no revenue from membership dues or tournaments in FY19-20.
- The SBE will see additional revenue from membership dues similar to those paid to the TSSAA of $80,000 in FY20-21 and subsequent years based on current membership support for the TSSAA.

- The SBE will receive revenue from holding middle and high school sports tournaments in the same manner the TSSAA does currently. This will result in a recurring increase in state revenue to the SBE estimated to be $1,732,000 in FY20-21 and subsequent years.
- The total recurring increase in state revenue to the SBE beginning in FY20-21 is estimated to be $1,812,000 ($1,732,000 + $80,000) which will be used to offset administrative expenditures.

Assumptions Related to SBE Expenditures:

- In order for the SBE to become the governing body for school sports, which may include but is not limited to printing and purchasing of rule books, publishing a magazine, postage and shipping of relevant items, printing handbooks, creating and disseminating calendars and necessary forms, holding officials' conferences, holding officials' clinic, preforming audits, purchasing insurance for events, as well as purchasing trophies, medals and awards, the SBE will need at least five new employees, including a Director, a Deputy Director, and one employee to oversee events in each of the three grand divisions.
- The Director position will receive salary and benefits of $126,687 ($103,020 salary + $23,667 benefits).
- The Deputy Director position will receive salary and benefits of $99,991 ($80,124 salary + $19,867 benefits).
- The three additional employees will receive total salary and benefits of $239,316 [($62,784 salary + $16,988 benefits) x 3 positions].
- This total recurring increase in state expenditures is estimated to be $465,994 ($126,687 + $99,991 + $239,316).
- The SBE does not currently have the required office space to house the additional employees in their current offices.
- This will result in a one-time increase in state expenditures of $4,500 as well as an additional $68,400 in recurring state expenditures for new office space and maintenance.
- Beginning in FY20-21, once the SBE has had the opportunity to hire staff, create regulations, and conduct planning, the SBE will see an additional increase in operational expenses to oversee sports officials, hold meetings, pay dues to the National Federation of State High School Associations, establish and maintain a new high school sports-related website, hold events, and hold tournaments totaling an estimated $1,485,400.
- This increase in state expenditures in FY19-20 is estimated to be $538,894 ($68,400 + $465,994 + $4,500); the recurring increase in state expenditures in FY20-21 and subsequent years is estimated to be $2,019,794 ($68,400 + $465,994 + $1,485,400).

Assumptions Related to the Total Impact:

- The recurring increase in state revenue to the SBE derived from school dues and tournaments beginning in FY20-21 is estimated to be $1,812,000.
- The increase in state expenditures for the SBE in FY19-20 is estimated to be $538,894.

- The recurring increase in state expenditures for the SBE beginning in FY20-21 is estimated to be $2,019,794.

CERTIFICATION:

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

Krista Lee Carsner

Krista Lee Carsner, Executive Director

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