

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 808 - SB 1242

February 19, 2019

**SUMMARY OF BILL:** Requires local education agencies (LEAs) that designate its employees as classified, certified, or any other designation, to also designate school nurses employed by an LEA with the same designation as assigned to teachers.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – The precise impact on BEP funding apportioned to local education agencies and any impact on expenditures for the Department of Education cannot be reasonably determined.**

Assumptions:

- Tennessee Code Annotated § 8-34-101(49)(B) defines teacher for the purposes of Tennessee Consolidated Retirement System (TCRS) law: *Any person employed in a public school as a teacher, librarian, principal, superintendent or chief administrative officer of a public school system, a supervisor of teachers, or any other position whereby the state requires the employee to be certificated as a teacher, or licensed as a nurse physical therapist, or occupational therapist, in the public schools or of any educational institution supported in whole or in part by and under the control of the state.*
- Based on information from the Department of Education (DOE), some LEAs are currently designating school nurses as classified employees rather than instructional employees (teachers).
- The BEP funding formula includes 7.75 percent of salary for retirement benefits for classified employees and 10.46 percent for instructional employees.
- LEAs that designate nurses as classified employees currently receive lower amounts of BEP funding.
- To be in compliance with TCRS requirements, LEAs currently must pay nurse retirement benefits at the same rate as teachers, regardless of how the nurse is designated and regardless of what amount of funding is received through the BEP.
- The share of TCRS benefits funded by the state through BEP expenditures for this purpose is 75 percent.
- LEAs that will re-designate nurses as a result of this legislation that currently are in compliance with TCRS requirements will experience an increase in local revenue (from additional BEP funding) and a decrease in local expenditures because the state will be

effectively funding the increased share of TCRS benefits on the behalf of the nurses employed by the LEA.

- LEAs that will re-designate nurses as a result of this legislation that currently are out of compliance with TCRS requirements and funding below the level of teacher retirement will experience an increase in local revenue (from additional BEP funding) and corresponding expenditures because the respective LEAs will effectively utilize such additional BEP funding to fund the respective share of retirement benefits on behalf of the nurses employed by the LEA.
- In the event LEAs re-designate nurses as instructional employees, the state share of the BEP will increase, resulting in a recurring increase to state BEP expenditures.
- The precise number of LEAs not currently in compliance with TCRS, the precise number of LEAs in compliance with TCRS but designating nurses as classified employees, and the total number of nurses (if any) that fall into each cohort cannot be determined; therefore, the precise impact on BEP funding apportioned to LEAs and the impact on DOE expenditures cannot be reasonably determined.

**CERTIFICATION:**

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



Krista Lee Carsner, Executive Director

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