

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1966 - SB 1947

February 28, 2020

SUMMARY OF BILL: Creates the Rural At-Risk Pre-Kindergarten Fund within the General Fund to provide funding, subject to annual appropriations and in addition to any funds appropriated to voluntary pre-kindergarten (VPK), to increase the number of seats available in approved pre-kindergarten programs beginning in the 2021-22 school year. Requires the Department of Education (DOE) to administer the fund and to develop an application for local education agencies (LEAs) to annually apply for funds. Requires the State Treasurer to invest moneys deposited in the fund for the benefit of the fund in accordance with Tenn. Code Ann. § 9-4-603. Requires interest accruing on investments and deposits of the fund to be returned to the fund and remain part of the fund. Requires any unencumbered moneys and any unexpended balance of the fund remaining at the end of any fiscal year to be carried forward until expended. Establishes requirements for LEAs to be eligible to receive funding from Rural At-Risk Pre-Kindergarten Fund.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue -- \$1,557,700/FY21-22 and Subsequent Years/
Rural At-Risk Pre-Kindergarten Fund**

**Increase State Expenditures –
\$1,606,700/FY21-22 and Subsequent Years/General Fund
\$1,557,700/FY21-22 and Subsequent Years/
Rural At-Risk Pre-Kindergarten Fund**

**Increase Local Expenditures –
\$204,600/FY21-22 and Subsequent Years/Permissive**

Assumptions:

- A School must be located in a county designated as a distressed rural county pursuant to Tenn. Code Ann. § 67-6-104 or be located in a rural county designated as an at-risk county to be eligible for funding from the Rural At-Risk Pre-Kindergarten Fund.
- The average statewide cost for a VPK classroom in a distressed county is \$117,490 (\$103,849 state + \$13,641 local).
- DOE will require one additional contracted position for program monitoring; it is estimated that this will result in a recurring increase to state expenditures of \$49,000 in FY21-22 and subsequent years.

- Based on the state's share of funding for at least one additional classroom in each distressed county, the recurring increase in state expenditures from the Rural At-Risk Pre-Kindergarten Fund is estimated to be \$1,557,735 ($\$103,849 \times 15$ distressed rural counties) in FY21-22 and subsequent years.
- These expenditures will require a recurring appropriation from the General Fund of \$1,606,735 ($\$1,557,735 + \$49,000$) and will result in a corresponding increase in revenue of \$1,557,735 to the Rural At-Risk Pre-Kindergarten Fund.
- The proposed legislation requires LEAs to provide a matching amount of funds in order to receive a grant from the Fund. None of the LEAs would be required to increase their current local contribution to meet the match requirements of this proposed legislation; however, there will be a permissive recurring increase in local expenditures of \$204,615 ($\$13,641 \times 15$) in FY21-22 and subsequent years.

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

/alh