



March 5, 2020

SUMMARY OF BILL: Requires the Treasurer to create the Tennessee Rapid Growth School District (TRGSD) Fund within the General Fund. Requires the Treasurer to deposit up to \$30,000,000 in the TRGSD fund for FY20-21. Requires moneys from the TRGSD Fund to be used exclusively for public school-related debt service or capital improvements. Requires the Department of Education (DOE) to administer the TRGSD Fund and the capital improvement grant awards from the TRGSD Fund. Requires the Commissioner of DOE to develop an application process for local education agencies (LEAs). Establishes criteria related to an LEA's average daily membership (ADM) growth for LEAs to qualify for capital improvement grant awards. Limits capital improvement grant awards for LEAs to \$7,000,000. Requires any un-awarded funds remaining in the TRGSD to revert back to the General Fund at the end of FY20-21. Specifies that no funds are required to be obligated or expended pursuant to this section unless appropriated by the general appropriations act.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – \$30,000,000/FY20-21/TRGSD Fund

Increase State Expenditures – \$30,000,000/FY20-21/General Fund
\$30,000,000/FY20-21/TRGSD Fund

Increase Local Revenue – \$30,000,000/FY20-21

Assumptions:

- The proposed legislation intends to provide funding for capital improvement grants to LEAs experiencing rapid growth in student population; student population is measured by ADM.
- Capital improvement grants will be awarded to LEAs having ADM growth of 10 percent or more with funding preference given to LEAs with ADM growth of 20 percent or more; individual grants will be capped at \$7,000,000.
- Based on data from DOE, six LEAs had ADM growth in excess of 10 percent from FY15-16 through FY19-20; under the proposed legislation, these districts will be eligible to receive capital outlay grants from the TRGSD Fund beginning in FY20-21.
- It is assumed that DOE will expend all available TRGSD funds to eligible districts; if all LEAs receive grant awards of equal amounts, each LEA will receive \$5,000,000 (\$30,000,000 / 6).

- The one-time total increase in state expenditures from the General Fund is estimated to be \$30,000,000 (\$5,000,000 x 6) in FY20-21.
- There will be a corresponding one-time increase in state revenue and state expenditures from the TRGSD Fund of \$30,000,000 in FY20-21.
- A one-time increase in local revenue of \$30,000,000 in FY20-21.

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

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