

COMPARISON OF ACTUAL AND ESTIMATED FISCAL NOTE IMPACTS



PRESENTATION TO THE FISCAL REVIEW COMMITTEE

Fiscal Review Committee Staff

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Public Chapter 525 of 2007

Effective July 1, 2007. Defined child sexual predator with prior convictions as an offender who serves time, is released, and commits another predatory offense: aggravated sexual battery; statutory rape by an authority figure; sexual battery by an authority figure; solicitation of a minor to commit sexual offense; solicitation of a minor to perform sexual acts; or aggravated statutory rape.

Estimated fiscal impact at time of passage:

Increase State Expenditures \$440,300/Incarceration

Assumed:

- Two offenders admitted for aggravated sexual battery at a cost of \$52,736.
- Three offenders charged with statutory rape by an authority figure at a cost of \$138,432.
- Two offenders admitted for sexual battery by an authority figure at a cost of \$92,288.
- One additional offender every five years convicted of solicitation of a minor at an annualized cost of \$9,229.
- One additional offender every five years convicted of solicitation of a minor to perform sexual acts at an annualized cost of \$24,610.
- Four offenders would be convicted of aggravated statutory rape at a cost of \$123,051.

Public Chapter 525 (continued)

Estimated fiscal impact using current method:

Increase State Expenditures - \$93,900/Incarceration

Assumed:

- One offender serving an additional 1.51 years for the Class B felony of aggravated sexual battery at a cost of \$33,841.88.
- One offender serving an additional 0.65 years for the Class B felony of statutory rape by an authority figure at a cost of \$14,567.48.
- Two offenders serving an additional 0.70 years for the Class C felony of sexual battery by an authority figure at a cost of \$31,377.04.
- One offender every five years serving an additional 0.78 years for the Class B, C, D, and E felonies of solicitation of a minor at a cost of \$3,492.29.
- One offender serving an additional 0.48 years for the Class B felony of aggravated statutory rape at a cost of \$10,575.64.
- Total estimated incarceration costs: \$93,855 (\$33,842 + \$14,568 + \$31,377 + \$3,492 + \$10,576).

Public Chapter 525 (continued)

Fiscal impact since enactment:

Increase State Expenditures - \$290,000/Incarceration

- Aggravated sexual battery - \$67,683.76 (\$33,841.88 x 2 admissions)
- Statutory rape by an authority figure - \$131,107.32 (\$14,567.48 x 9 admissions)
- Sexual battery by an authority figure - \$31,377.04 (\$15,688.52 x 2 admissions)
- Solicitation of a minor - \$17,481.46 (\$17,481.46 x 1 admission)
- Soliciting sexual exploitation of a minor - \$0 (zero admissions)
- Aggravated statutory rape - \$42,302.56 (\$10,575.64 x 4 admissions)
- Total estimated incarceration costs: \$289,952 (\$67,684 + \$131,107 + \$31,377 + \$17,481 + \$42,303).

Public Chapter 512 of 2009

Effective July 1, 2009. Required minimum training requirements for full-time, part-time, and volunteer firefighters hired on or after July 1, 2009.

Estimated fiscal impact at time of passage:

Increase State Revenue - \$86,500

Increase State Expenditures - \$81,600

Increase Local Expenditures - \$154,000/Permissive

The final fiscal note issued on June 4, 2009, did not reflect the exemption amendments for 45 counties and one municipality. Based on information previously provided by the Department of Commerce & Insurance, the Municipal Technical Advisory Service (MTAS), and the County Technical Assistance Service (CTAS), in addition to the amendments exempting counties, the following fiscal impact should reflect the bill as passed:

Increase State Revenue - \$77,000

Increase State Expenditures - \$43,200

Increase Local Expenditures - Exceeds \$80,000/Permissive

Public Chapter 512 (continued)

Assumed:

- There is estimated to be 24,500 firefighters in the state. Approximately 16,750 firefighters remaining in service in non-exempted counties.
- Due to a number of exemptions within the legislation, the minimum training requirements will apply to 1,113 firefighters.
- A total increase to state expenditures of \$43,240 for additional “live burn” programs [(\$38.83 per instructor hour x 827 instructor hours) + \$11,130 cost for extra materials].
- An estimated 111 firefighters will attend both classes provided at the Academy and 400 firefighters will attend the Academy for the “live burn” training only.
- The basic firefighting tuition will be \$95.00 for the 22 hour course and the “live burn” program tuition will be \$130.00.
- An increase to state revenue of \$76,975 from tuition fees paid for attendance to both classes {[((\$95.00 basic firefighter program tuition + \$130.00 “live burn” program tuition) x 111 firefighters attending both classes] + (\$130.00 “live burn” program tuition x 400 firefighters attending “live burn” program only)}.
- The provisions of the bill allow for local governments to require each firefighter to pay their own tuition or pay for the tuition with local funds. Due to unknown factors a precise impact to local government cannot be determined but is estimated to exceed \$80,000.

Public Chapter 512 (continued)

Fiscal impact since enactment:

Increase State Revenue – \$41,900

Increase Local Expenditures – Exceeds \$25,000

- According to the Department of Commerce & Insurance (C&I), the “live burn” classes were originally designed to be administered to levels Firefighter 1 and Firefighter 2, however the legislation only required training for Firefighter 1 classifications.
- Due to this reduction in potential students, the proposed duration of “live burn” training classes were reduced. Fees were reduced from \$130.00 for the 22 hour course to \$50.00. The cost for the basic firefighting program remained constant at \$95.00.
- According to C&I the size of the “live burn” classes were also increased from a maximum of 30 to 40, eliminating the need for additional classes and part-time instructional staff to be required.
- All costs associated with the training programs were covered with existing resources and no additional expenditures were required for their operation.
- According to C&I since 2009 there has been an increase in state revenue of \$41,880 due to tuition paid for the firefighting training programs.
- According to CTAS no county has required firefighters to pay their own tuition to the Academy for this training. Some counties are serviced by independent non-profit volunteer departments that pay for the tuition from the fire department and do not rely on county funds. Any increase to local government expenditures cannot be determined however it is estimated to exceed \$25,000.

Public Chapter 591 of 2009

January 1, 2010. Created the Commercial Breeder Act requiring the Department of Health to license and regulate individuals who keep 20 or more unsterilized female dogs or cats for purposes of breeding and sale of offspring as companion animals.

Estimated fiscal impact at time of passage:

**Increase State Revenue - \$316,800/FY09-10/Commercial Breeder Account
\$633,600/FY10-11/Commercial Breeder Account
\$1,056,000/FY11-12 through FY14-15/Commercial Breeder Account**

**Increase State Expenditures - \$140,800/One-Time/Commercial Breeder Account
\$412,300/FY09-10/Commercial Breeder Account
\$633,600/FY10-11/Commercial Breeder Account
\$1,056,000/FY11-12 through FY14-15/Commercial Breeder Account**

**Increase Local Revenue – Exceeds \$181,000/FY09-10
Exceeds \$383,800/FY10-11
Exceeds \$914,200/FY11-12 through FY14-15**

Increase Local Expenditures – Exceeds \$1,000,000/Recurring

Public Chapter 591 (continued)

Assumed:

- 500 licensed breeders by FY11-12.
- Revenue from licensees and sales tax.
- Twenty percent of licensees paying \$1,000 registration fee and annual renewal fee for breeding 41 or more females.
- Eighty percent of licensees paying \$500 registration fee and annual renewal fee for breeding 20 - 40 females.
- Seven new positions within the Department of Health.

Public Chapter 591 (continued)

Fiscal impact since enactment:

Increase State Revenue – \$70,200/FY11-12

Increase State Expenditures - \$365,600

Fiscal impact is based on the following:

- The licensure revenue from 20 licenses was \$19,900 and current services revenue was \$100 in FY11-12
- Sales tax revenue was approximately \$50,200 in FY11-12.
- Total revenue collection in FY11-12 was \$70,200 (\$19,900 + \$100 + \$50,200).
- Total expenditures in FY11-12 were \$365,600 which included salary and benefit costs (\$323,000) and operational expenses (\$42,600).

Public Chapter 376 of 2011

Effective July 1, 2011. Defined “base period” with respect to unemployment compensation for claimants who have received temporary total workers’ compensation benefits. Excluded periods of temporary total disability from calculation of the base period and required that the base period be determined from the last four completed quarters of work before any such disability.

Estimated fiscal impact at time of passage:

**Increase State Expenditures – \$53,900/One-Time/Unemployment Insurance Fund
\$191,000/Recurring/Unemployment Insurance Fund**

Assumed:

- The Department of Labor and Workforce Development has documented \$53,900 in one-time actual computer programming and software costs to implement this bill. This included \$4,700 in database modifications to increase the size of the benefit charge file and add a disability field to the record, \$6,900 to modify existing claim intake programs, \$25,100 for program coding and testing, \$2,000 to create two new disability claim programs, and \$15,200 in server modifications.
- The Unemployment Insurance Trust Fund is reimbursed with federal administrative funds for expenditures approved for administering the State’s unemployment insurance program.

Public Chapter 376 (continued)

Fiscal impact since enactment:

**Increase State Expenditures – \$10,100/One-Time/Unemployment Insurance Fund
\$202,770/FY11-12/Unemployment Insurance Fund**

- Analysis to define requirements: \$1,992; Program coding and testing: \$8,075
- Total: \$10,067.
- The Department of Labor and Workforce Development was able integrate the requirements for implementation of Public Chapter 376 with other developments and modifications for computer programming, resulting in a lower marginal cost of implementation of Public Chapter 376.
- Federal Administrative Unemployment Insurance funding was available for the required computer modifications. No State Appropriations were anticipated, and none were required.

Public Chapter 437 of 2011

Effective June 8, 2011. Expanded the meaning of “academic year” to include summer semesters for recipients of Hope Scholarships, Hope Access Grants, and Hope Scholarships for non-traditional students, when the recipients began school in the fall semester of 2009 or thereafter. Added new terminating event of 120 semester hours for receipt of the Hope Scholarship for recipients that began school in the fall semester of 2009 or thereafter. Added new terminating event of 136 semester hours for receipt of the Hope Scholarship for recipients pursuing degrees that require more than 120 semester hours, and who began school in the fall semester of 2009 or thereafter.

Authorized summer semester awards, beginning with the fall semester of 2011, to recipients of Hope Scholarships, Hope Access Grants, and Hope Scholarships for non-traditional students, when the recipient began school in the fall semester of 2009, or thereafter.

Estimated fiscal impact at time of passage:

Increase State Expenditures – Net Impact –

\$19,891,800/FY11-12/Lottery for Education Account

\$10,544,400/FY12-13/Lottery for Education Account

Decrease State Expenditures – Net Impact –

\$456,200/FY13-14 and Subsequent Years/

Lottery for Education Account

Public Chapter 437 (continued)

Assumed:

- Tennessee Student Assistance Corporation (TSAC) estimates a cost of \$19,983,400 in FY11-12 for implementing summer school semesters into the lottery scholarship program.
- In FY12-13 and subsequent years, the recurring cost will be approximately \$22,672,600.
- TSAC estimates cost savings will occur as a result of establishing two additional terminating events (a 120 credit-hour cap for students pursuing degrees that require no more than 120 credit-hours; and a 136 credit-hour cap for students pursuing degrees that require more than 120 credit-hours).
- Cost savings are estimated to be \$91,600 and \$12,128,200, in FY11-12 and FY12-13 respectively. Beginning in FY13-14 and in subsequent years, the recurring decrease in state expenditures from the LFEA will be \$23,128,800.

Public Chapter 437 (continued)

Fiscal impact since enactment:

**Increase State Expenditures - \$5,100,000/FY11-12
\$3,100,000/FY12-13**

- TSAC has paid out approximately \$8,200,000 which includes \$5,100,000 in FY11-12 and \$3,100,000 in FY12-13.
- According to TSAC, the discrepancy in what has paid out and what was originally estimated is that students no longer can receive year-round Pell in the summer so they think that likely had an impact on summer attendance. Secondly, TSAC looked at the attendance of HOPE recipients in summer for Georgia's HOPE Scholarship and likely overestimated the increased percentage of students who would choose to attend summer here in Tennessee.
- TSAC has not been able to calculate the cost savings yet, however, TSAC anticipates a lower than estimated cost savings due to a lower number of program participants.

Public Chapter 466 of 2011

Effective June 10, 2011. Authorized the Department of Education's (DOE) Achievement School District (ASD) to be a chartering authority for a public charter school. Deleted the eligibility restrictions in current law and opens enrollment in public charter schools to all students residing within a local education agency (LEA).

If the local board of education denies a charter school application due to a substantial negative fiscal impact on the LEA, the local school board must give supporting documentation to the sponsor of the proposed charter school and the state Treasurer. The Treasurer shall review all documentation received and determine the reasonableness of the denial based on a substantial negative fiscal impact. The Treasurer is authorized to consult with the Department of Education, the local board of education, and the sponsor of the proposed charter school and is also authorized to ask for outside experts when conducting reviews. The Treasurer will have 30 days to perform these reviews.

Estimated fiscal impact at time of passage:

Increase State Expenditures – \$50,000

**Increase Local Revenue – Not Significant/Permissive
Local Expenditures –Exceeds \$1,000,000/Permissive**

Public Chapter 466 (continued)

Assumed:

- A substantial financial impact on the LEA is defined as a fiscal impact above and beyond the normal fiscal fluctuations that occur each school year as a result of students transferring into and out of the LEA.
- The Treasurer will seek outside assistance from consultants to make reviews of proposed charter school applications. The Treasurer's Office estimated the cost for assistance at \$50,000.
- LEAs may choose to incur the costs of the charter school with or without performing a study of the fiscal impact of the proposed charter school. While the exact fiscal impact is dependent on multiple unknown factors, it was assumed that the LEA would be able to account for half of the shift through normal system-wide adjustments and the net increase in permissive local expenditures would exceed \$1,000,000 statewide.
- Any increase in LEA expenditures to perform fiscal impact studies and provide this information to the sponsor of the proposed charter schools and the Treasurer's office is permissive and would be not significant.
- The number of students who will transfer into a public charter school would be small; therefore, any permissive increase in local expenditures would be not significant.

Public Chapter 466 (continued)

Fiscal impact since enactment:

Increase State Expenditures – \$11,700

Increase Local Expenditures –Unknown

- According to the Comptroller's Office, \$11,715.11 was charged to the Department of Treasury for work completed on charter school review.
- The remaining \$38,284.89 (\$50,000 - \$11,715.11) remained with the Department of Treasury.
- Sufficient data is not available to determine actual local expenditures.
- To date, the Comptroller's office has completed three charter school reviews. The Comptroller's Office concluded that none of the three charter schools reviewed would result in a substantial negative fiscal impact.