



March 13, 2020

SUMMARY OF BILL: Subject to appropriation by the general assembly in the general appropriations act, requires the amount appropriated to the Basic Education Program (BEP) to fund the instructional salaries and wages component to be increased in the fiscal year immediately following a school year in which the program enrolls participating students in an amount equal to: 1) the total amount of Education Savings Account (ESA) funds awarded to participating students in the immediately preceding school year; and 2) the costs incurred by the state to oversee and administer the program in the immediately preceding fiscal year.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$37,855,000/FY21-22
\$56,782,500/FY22-23
\$75,710,000/FY23-24
\$94,637,500/FY24-25
\$113,565,000/FY25-26 and Subsequent Years

Increase Local Expenditures – \$41,700/FY21-22*
\$1,250,000/FY22-23 and Subsequent Years*

Assumptions:

- The amount of funding for the BEP instructional salaries and wages component will increase as the number of students awarded ESAs increases.
- As the amount of BEP funding increases, the required local match will also increase, possibly affecting additional districts, requiring additional local funding.
- It is assumed that for each fiscal year, the maximum amount of ESA awards will be distributed; there will be 5,000 ESA awards in FY20-21, 7,500 in FY21-22, 10,000 in FY23-24, 12,500 in FY24-25, and 15,000 in FY25-26 and subsequent years.
- The FY19-20 statewide average BEP amount per pupil amount is \$7,571, which includes DOE's 6 percent administrative fee that is deducted from the annual ESA award amount to cover the costs of overseeing the funds and administering the program.
- Based on the statewide average BEP amount per pupil amount multiplied by the number of students awarded ESAs in the prior year, it is estimated that the total funding added to the BEP instructional salaries and wages component is \$37,855,000 (\$7,571 x 5,000) in FY21-22; \$56,782,500 (\$7,571 x 7,500) in FY22-23; \$75,710,000 in (\$7,571 x 10,000)

FY23-24; \$94,637,500 (\$7,571 x 12,500) in FY24-25; \$113,565,000 (\$7,751 x 15,000) in FY25-26 and subsequent years.

- Each year that there is an increase in participation, a small number of additional districts may be required to increase their local contribution. It is estimated that mandatory local expenditures will increase by \$41,700 in FY21-22 and \$1,250,000 in FY22-23 and subsequent years.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

/alh