



March 28, 2021

SUMMARY OF BILL: Creates the *Opportunity Scholarships Program*. Requires, by May 1, 2022, the Department of Education (DOE) to establish a scholarship program to assist eligible students in kindergarten through grade 12 (K-12) who are attending a school in a local education agency (LEA) designated by DOE as a Tennessee Rapid Growth School District (RGSD) to attend a participating private school of the student's choice.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$89,100/FY21-22
\$4,585,100/FY22-23 and Subsequent Years**

**Decrease Local Revenue –
Net Impact – \$3,120,000/FY22-23 and Subsequent Years**

Assumptions:

- An RGSD is defined as an LEA with a minimum average growth of two percent in average daily membership (ADM) over the five fiscal years immediately preceding a fiscal year. There were 34 LEAs in FY19-20 that experienced such growth.
- The 34 LEAs would have to apply with DOE to be designated as an RGSD.
- Eligible students participating in the scholarship program will be entitled to a scholarship in an amount equal to the lesser of:
 - The cost of tuition and fees charged by the participating private school; or
 - The per pupil equivalent of state and local funds generated and required through the Basic Education Program (BEP) for the RGSD.
- The analysis assumes the per pupil equivalent of state and local funds generated through the BEP will be the lesser amount.
- Scholarship funds awarded will be subtracted from the total state BEP funds otherwise payable to the RGSD, with such funds going directly to the participating school.
- The legislation creates a grant for RGSDs in an amount equal to 25 percent of the state and local funds generated and required through the BEP for each eligible scholarship student.
- The average BEP per pupil state and local match funding for the 34 LEAs is \$7,616 for FY20-21; with \$5,024 in state funding and the remaining \$2,592 as local funding.

- The maximum amount of scholarships that may be awarded through the Opportunity Scholarships Program is limited to 1,000 students per school year.
- The total amount of scholarship funds provided to participating private schools will be \$7,616,000 (\$7,616 x 1,000) in FY22-23 and subsequent years; of which \$2,592,000 (\$2,592 x 1,000) will be the recurring increase in state expenditures for providing the local share of funding within the scholarship.
- LEAs will not receive the state per pupil funding for each student who participates in the scholarship program, which will result in a recurring, permissive decrease in local revenue of \$5,024,000 (\$5,024 x 1,000)
- DOE will disburse grants to RGSDs in an amount equal to 25 percent of per pupil state and local funds generated by the RGSD. The total amount of grants issued will increase local revenue \$1,904,000 [(\$7,616 x 25.0%) x 1,000] in FY22-23 and subsequent years.
- DOE will require one additional full-time employee to administer the grant program to be hired in FY21-22 in order to assist in the implementation of the grant program beginning in FY22-23.
- One Education Consultant 2 at a midrange salary point is estimated to increase state expenditures \$89,117 (\$70,638 salary + \$18,479 benefits) in FY21-22 and subsequent years.
- The total increase in state expenditures is \$4,585,117 (\$2,592,000 scholarships + \$1,904,000 RGSD grants + \$89,117 salary and benefits) beginning in FY22-23 and occurring in subsequent years.
- The net impact to local government is estimated to be a recurring permissive decrease in local revenue of \$3,120,000 (\$5,024,000 state funding - \$1,904,000 RGSD grants) in FY22-23 and subsequent years.

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

/ah