

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 944 - HB 1438

March 22, 2019

SUMMARY OF BILL: Prohibits a local education agency (LEA) from operating a virtual school after July 1, 2019. Prohibits an LEA from opening a virtual school or contracting with an entity for the operation of a virtual school, if the LEA does not operate a virtual school on July 1, 2019. Prohibits any LEA that has a contract with an entity to operate a virtual school before July 1, 2019, from extending the contract and requires the LEA to terminate the operation of the school as soon as possible. Prohibits an LEA from opening another virtual school after the contract is terminated. Removes references to virtual schools in various places throughout statute.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Shifts of Basic Education Program (BEP) funding from closing virtual schools to certain local education agencies. In addition, there could be decreases in the required maintenance of effort for certain local education agencies if students from closing virtual schools begin attending brick and mortar schools. The extent and timing of any such impacts cannot be determined for they are dependent upon several unknown factors.

Assumptions:

- There are 11 virtual schools currently in operation, and if these virtual schools close, there will be a shift in Basic Education Program (BEP) funding from one LEA to another.
- The impact on state and local BEP funding will be determined by the enrollment of the virtual school at the time of enrollment; the LEA in which a closing virtual school is located; where students within such schools will attend school after the virtual school is closed; the fiscal capacity of the LEA where the closing virtual school is located; and the fiscal year in which any closing occurs.
- There may be a cost savings to local government relative to virtual schools if students transfer from a virtual school to a brick and mortar school within the same LEA.
- Any reduction in an LEA's required maintenance of effort will be dependent upon how enrollment within the LEA is impacted as result of the closing virtual school.
- The proposed legislation will create a substantial decrease in enrollment in Union County as a result of the Tennessee Virtual Academy closing, resulting in a shift in BEP funding from Union County to other various counties.

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- Due to multiple unknown factors, including the location, timing, and number of students moving between LEAs, the precise impact to local government cannot be reasonably determined.

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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