TENNESSEE GENERAL ASSEMBLY FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2678 - SB 2557

April 16, 2024

SUMMARY OF BILL AS AMENDED (016840, 018178, 018504): Creates the *Innovative School District Act*. Authorizes: 1) the University of Memphis to operate the initial innovative school district; and 2) the Department of Education (DOE) to approve additional public universities that meet certain qualifications to operate an innovative school district. Requires the governing body for a public university that is approved by the DOE to operate an innovative school district to serve as the local board of education for such innovative school district. Prohibits the innovative school district from authorizing public charter schools.

Establishes that an innovative school district may receive and expend local, state, federal, and grant funding for schools in its jurisdiction with the same authority as other local education agencies (LEAs).

Exempts an innovative school district from certain requirements for a local board of education.

FISCAL IMPACT OF BILL AS AMENDED:

Other Fiscal Impact – To the extent that innovative school districts are established, there may be increases in state, federal, and local expenditures. Increased student enrollment in an innovative school district will result in a shift in TISA funding. However, due to multiple unknown factors, a precise fiscal impact cannot be estimated with certainty.

Assumptions for the bill as amended:

- An innovative school district is defined as an LEA authorized by the act that is composed of schools serving students in any of the grades pre-kindergarten through twelve (pre-K-12), as training schools operated by a public university that is approved by the DOE to operate an innovative school district.
- A training school is defined as a public school that serves students in any of the grades pre-K-12 and that is affiliated with a public institution of higher education in this state, to pilot and model high-quality innovative educational practices and teacher training programs.
- An innovative school district is eligible to receive state and local funds for schools in its jurisdiction which include, but are not limited to, state and local TISA funds and the average per pupil local funds above those required by the TISA.

- It is unknown how many innovative school districts and schools may be created and how many students will enroll. It is further unknown how many administrative personnel, teachers and other resources may be required to operate the training schools located in such districts.
- If innovative school districts are created, students attending schools within such districts will generate funding through the TISA. To the extent that enrollment decreases in LEAs and increases in an innovative school district, a shift in TISA funding will occur. However, due to multiple unknown factors, the extent and timing of any such shift cannot be estimated with certainty.

CERTIFICATION:

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

Kiista Lee Caroner

Krista Lee Carsner, Executive Director

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