

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 990 - HB 1104

March 4, 2017

SUMMARY OF BILL: Authorizes local education agencies (LEAs) to convert to a home-rule LEA. Prohibits the state Achievement School District (ASD) and LEAs with one or more priority schools from converting to a home-rule LEA. Eligible LEAs may convert to a home-rule LEA, if the LEA meets or exceeds the state average on academic and other standards as determined by rules promulgated by the State Board of Education (SBOE) for three successive academic years. Before converting to a home-rule LEA, the local board of education shall adopt a resolution to create a charter commission or the voters may present a petition signed by at least 10 percent of eligible voters to the local governing body requesting such a change. Sets forth the membership of the charter commission which shall develop a governing charter for the home-rule LEA. Sets forth what each home-rule charter shall include. Sets forth a process by which the charter shall be reviewed by the Commissioner of the Department of Education (DOE) and how each charter shall be approved by the local governing body. If both such entities approve the proposed charter, then the proposed charter shall be presented during a regular August election for approval by the qualified voters. If the proposed charter is not approved by the qualified voters, then no additional attempt may be made to convert to a home-rule LEA for two years.

Requires home-rule LEAs to have greater authority and control over its operations than a traditional county or city LEA; however such authority may not exceed federal or state laws or rules and regulations relative to student and school accountability. Sets forth areas that a home-rule LEA may exercise greater control including choice of assessments and development of their own academic standards.

Conversion to a home-rule LEA shall not alter funding for the LEA. Bond indebtedness incurred by the LEA or local governing body shall remain a liability of the home-rule LEA or the local governing body after conversion. Requires annual audits of the accounts and records of the home-rule LEA. Additional audits may be performed by the Comptroller of the Treasury.

Sets forth the conditions under which the SBOE may revoke a home-rule LEA charter.

If a local board of education of a home-rule LEA or its governing body votes by a two-thirds majority to rescind the charter of the home-rule LEA, then the voters within the boundaries of a home-rule LEA shall vote on whether to rescind a charter. The registered voters of a home-rule LEA may present a petition signed by 10 percent of the registered voters to the local governing body to ask for the dissolution of the home-rule charter. After the presentation of such a petition, the qualified voters shall vote on the issue.

ESTIMATED FISCAL IMPACT:

Increase Local Expenditures – Exceeds \$100,000/Permissive

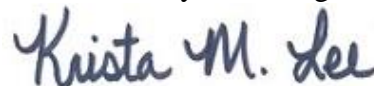
Other Fiscal Impact – If home-rule LEAs chose to adopt their own curriculum standards and purchase their own standardized tests, federal funding may be placed in jeopardy as a result of the state being out of compliance with federal regulations and statute, specifically the Every Student Succeeds Act, regarding state standardized testing and curriculum. Any withholding of federal funding will be at the discretion of the U.S. Department of Education. The state is estimated to receive \$1,188,327,500 in federal funds for K-12 education in FY17-18.

Assumptions:

- Home-rule LEAs will continue to be funded through the Basic Education Program (BEP) funding formula.
- Any increase in local expenditures to add items to the ballot during a regular election cycle are estimated to be not significant.
- LEAs that choose to convert to a home-rule LEA may adopt their own curriculum standards; purchase additional textbooks; and purchase their own assessments. A precise cost estimate for these and other permissive increases in local expenditures is unknown, but is reasonable estimated to exceed \$100,000 per year.
- A central component of the state's current Every Student Succeeds (ESSA) draft plan and a central component of the obsolete No Child Left Behind waiver, is state standardized testing and curriculum. Differences among LEAs in these areas will put Tennessee out of compliance with the state's waiver and may place federal funding at risk.

CERTIFICATION:

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



Krista M. Lee, Executive Director

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