

SENATE BILL 2662

By Bailey

AN ACT to amend Tennessee Code Annotated, Title 49, Chapter 1; Title 49, Chapter 2; Title 49, Chapter 3 and Title 49, Chapter 6, relative to school athletics.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 49-1-302, is amended by adding the following language as a new subsection:

The board shall be the regulating authority for all athletic events for cross country, football, soccer, volleyball, golf, basketball, bowling, wrestling, baseball, softball, tennis, and track events for public schools.

SECTION 2. The board is authorized to promulgate rules to effectuate the purposes of this act. All such rules shall be promulgated in accordance with Tennessee Code Annotated, Title 4, Chapter 5.

SECTION 3. For purposes of Section 2, this act shall take effect upon becoming a law, the public welfare requiring it, and for all other purposes this act shall take effect July 1, 2018, the public welfare requiring it.

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 2670 - SB 2662**

February 25, 2018

**SUMMARY OF BILL:** Requires the State Board of Education (SBE) to regulate all athletic events for cross country, football, soccer, volleyball, golf, basketball, bowling, wrestling, baseball, softball, tennis, and track events for public schools.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue - \$1,812,000/FY19-20 and Subsequent Years/  
State Board of Education**

**Increase State Expenditures –  
\$542,300/FY18-19/State Board of Education  
\$2,023,200/FY19-20 and Subsequent Years/  
State Board of Education**

Assumptions Related to the Current Governing Body:

- Currently, the Tennessee Secondary School Athletic Association (TSSAA) and the Tennessee Middle School Athletic Association (TMSAA) administer the junior and senior high school athletic programs for an estimated 110,000 participants, 426 schools, an estimated 6,000 coaches, 5,000 officials, and almost 5,500 teams in Tennessee.
- Under this legislation, the SBE would assume the role of the TSSAA/TMSAA.
- The TSSAA has a budget in excess of \$3,000,000, funded through member school dues, corporate sponsorships, and tournament revenue. However, the SBE has indicated it would probably not accept funds from corporate sponsorships due to the appearance of governmental endorsements of products and services. As a result, it is assumed the SBE will only operate from funding received from school dues and tournament revenues.

Assumptions Relative to SBE Revenue:

- The SBE will need at least one full year to hire additional staff, create regulations, and plan events. Thus, it is assumed that the SBE will receive no revenue from membership dues or tournaments in FY18-19.

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- The SBE will see additional revenue from membership dues similar to those paid to the TSSAA of \$80,000 in FY19-20 and subsequent years based on current membership support for the TSSAA.
- The SBE will receive revenue from holding middle and high school sports tournaments in the same manner the TSSAA does currently. This will result in a recurring increase in state revenue to the SBE estimated to be \$1,732,000 in FY19-20 and subsequent years.
- The total recurring increase in state revenue to the SBE beginning in FY19-20 is estimated to be \$1,812,000 (\$1,732,000 + \$80,000) which will be used to offset administrative expenditures.

#### Assumptions Related to SBE Expenditures:

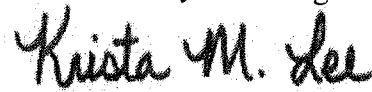
- In order for the SBE to become the governing body for school sports, which may include but is not limited to printing and purchasing of rule books, publishing a magazine, postage and shipping of relevant items, printing handbooks, creating and disseminating calendars and necessary forms, holding officials' conferences, holding officials' clinic, performing audits, purchasing insurance for events, as well as purchasing trophies, medals and awards, the SBE will need at least five new employees, including a Director, a Deputy Director, and one employee to oversee events in each of the three grand divisions.
- The Director position will receive salary and benefits of \$127,366 (\$103,020 salary + \$24,346 benefits).
- The Deputy Director position will receive salary and benefits of \$100,672 (\$80,124 salary + \$20,548 benefits).
- The three additional employees will receive total salary and benefits of \$241,365 [(\$62,784 salary + \$17,671 benefits) x 3 positions].
- This total recurring increase in state expenditures is estimated to be \$469,403 (\$127,366 + \$100,672 + \$241,365).
- The SBE does not currently have the required office space to house the additional employees in their current offices.
- This will result in a one-time increase in state expenditures of \$4,500 as well as an additional \$68,400 in recurring state expenditures for new office space and maintenance.
- Beginning in FY19-20, once the SBE has had the opportunity to hire staff, create regulations, and conduct planning, the SBE will see an additional increase in operational expenses to oversee sports officials, hold meetings, pay dues to the National Federation of State High School Associations, establish and maintain a new high school sports-related website, hold events, and hold tournaments totaling an estimated \$1,485,400.
- This increase in state expenditures in FY18-19 is estimated to be \$542,303 (\$68,400 + \$469,403 + \$4,500); the recurring increase in state expenditures in FY19-20 and subsequent years is estimated to be \$2,023,203 (\$68,400 + \$469,403 + \$1,485,400) in FY19-20 and subsequent years.

Assumptions Related to the Total Impact:

- The recurring increase in state revenue to the SBE derived from school dues and tournaments beginning in FY19-20 are estimated to be \$1,812,000.
- The increase in state expenditures for the SBE in FY18-19 is estimated to be \$542,267.
- The recurring increase in state expenditures for the SBE beginning in FY19-20 is estimated to \$2,023,203.

**CERTIFICATION:**

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



Krista M. Lee, Executive Director

/maf

**Education Administration & Planning 1**

**Amendment No. 1 to HB2670**

**Brooks H**  
**Signature of Sponsor**

**AMEND Senate Bill No. 2662**

**House Bill No. 2670\***

by deleting all language after the enacting clause and substituting instead the following:

SECTION 1. Tennessee Code Annotated, Title 49, Chapter 6, Part 4, is amended by adding the following language as a new section:

Any voluntary association that establishes and enforces bylaws or rules for interscholastic sports competition for public secondary schools in this state shall be subject to an annual audit by the comptroller of the treasury. At the discretion of the comptroller of the treasury, the audit may be prepared by a certified public accountant, a public accountant, or by the department of audit. The comptroller of the treasury may accept the association's own audit prepared by a certified public accountant that has been filed with the secretary of state to satisfy the requirements of this section. If the association fails or refuses to have the audit prepared, then the comptroller of the treasury may appoint a certified public accountant or public accountant or direct the department to prepare the audit. The association shall bear the full costs of any audit prepared.

SECTION 2. Tennessee Code Annotated, Title 49, Chapter 2, Part 1, is amended by adding the following as a new section:

(a) Public schools, including public charter schools, shall not use public funds to join, become members of, or maintain membership in an association that regulates interscholastic athletics unless the association's governing board voluntarily complies with the open meetings laws, compiled in title 8, chapter 44, part 1.

(b) Notwithstanding subsection (a), an association that regulates interscholastic athletics may conduct a closed meeting, or close a portion of an otherwise open

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**Signature of Sponsor**

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meeting, if confidential information protected by the Family Educational Rights and Privacy Act (20 U.S.C. § 1232g), § 10-7-504, or any other relevant privacy law or privilege, must be discussed. No other business, other than the business to which the confidential information relates, shall be addressed during such a closed meeting.

SECTION 3. This act shall take effect July 1, 2018, the public welfare requiring it.



# State of Tennessee

## PUBLIC CHAPTER NO. 948

SENATE BILL NO. 2662

By Bailey, Gresham

Substituted for: House Bill No. 2670

By Cameron Sexton

AN ACT to amend Tennessee Code Annotated, Title 49, Chapter 1; Title 49, Chapter 2; Title 49, Chapter 3 and Title 49, Chapter 6, relative to school athletics.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 49, Chapter 6, Part 4, is amended by adding the following language as a new section:

Any voluntary association that establishes and enforces bylaws or rules for interscholastic sports competition for public secondary schools in this state shall be subject to an annual audit by the comptroller of the treasury. At the discretion of the comptroller of the treasury, the audit may be prepared by a certified public accountant, a public accountant, or by the department of audit. The comptroller of the treasury may accept the association's own audit prepared by a certified public accountant that has been filed with the secretary of state to satisfy the requirements of this section. If the association fails or refuses to have the audit prepared, then the comptroller of the treasury may appoint a certified public accountant or public accountant or direct the department to prepare the audit. The association shall bear the full costs of any audit prepared.

SECTION 2. Tennessee Code Annotated, Title 49, Chapter 2, Part 1, is amended by adding the following as a new section:

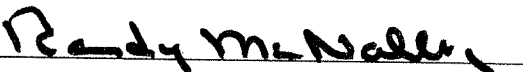
(a) Public schools, including public charter schools, shall not use public funds to join, become members of, or maintain membership in an association that regulates interscholastic athletics unless the association's governing board voluntarily complies with the open meetings laws, compiled in title 8, chapter 44, part 1.

(b) Notwithstanding subsection (a), an association that regulates interscholastic athletics may conduct a closed meeting, or close a portion of an otherwise open meeting, if confidential information protected by the Family Educational Rights and Privacy Act (20 U.S.C. § 1232g), § 10-7-504, or any other relevant privacy law or privilege, must be discussed. No other business, other than the business to which the confidential information relates, shall be addressed during such a closed meeting.

SECTION 3. This act shall take effect July 1, 2018, the public welfare requiring it.

SENATE BILL NO. 2662

PASSED: April 19, 2018

  
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RANDY McNALLY  
SPEAKER OF THE SENATE

  
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BETH HARWELL, SPEAKER  
HOUSE OF REPRESENTATIVES

APPROVED this 15<sup>th</sup> day of May 2018

  
\_\_\_\_\_  
BILL HASLAM, GOVERNOR





JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Chief of Staff

June 22, 2018

The Honorable Bernard Childress, Executive Director  
Tennessee Secondary School Athletic Association  
3333 Lebanon Road  
PO Box 319  
Hermitage, TN 37076

Dear Executive Director Childress:

Pursuant to Chapter 948 of the Public Acts of 2018 and Section 49-6-4, *Tennessee Code Annotated*, the Office of the Comptroller of the Treasury, Division of State Audit, has scheduled an audit of the Tennessee Secondary School Athletic Association that will begin approximately July 1, 2018. In connection with the audit, we would like to inform you of the nature and scope of the services we will provide, and management's responsibilities.

#### **Auditor's Responsibilities**

We will audit the Tennessee Secondary School Athletic Association for the period July 1, 2015, through the present, in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. We will immediately begin the planning work for the audit. When we complete the planning work and determine the specific objectives of our detailed audit work, we will communicate them at that time.

#### **Management's Responsibilities**

You are responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met.

You are responsible for making all records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with information that we may request for the purpose of the audit and unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial transactions. Your responsibilities include informing us of your knowledge of any allegations of fraud or

suspected fraud affecting the entity received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions.

We will require assistance from your staff in order to complete our audit in a timely manner. Our auditors will also require a connection to your local area network. We would also appreciate your assistance in providing us with the necessary technical support to establish and maintain network connectivity during the audit fieldwork.

If you have any questions about this letter, please contact Joseph Schussler, manager, at 615-747-5303 or [Joe.Schussler@cot.tn.gov](mailto:Joe.Schussler@cot.tn.gov). Please indicate your agreement to these arrangements by signing the attached copy of this letter and returning it to us.

Sincerely,



Deborah V. Loveless, CPA, Director  
Division of State Audit

Agreed:

By: \_\_\_\_\_  
For the Tennessee Secondary School Athletic Association

Title \_\_\_\_\_

Date \_\_\_\_\_

cc: Mike Reed, President, TSSAA Board of Control  
Dan Black, President, TSSAA Legislative Council  
Brenda Dwyer, Accountant  
Richard Colbert, TSSAA Attorney