

# Tennessee Funding Review Engagement

## *Local Conversations*

Sam Percy, Deputy Commissioner  
Dr. Eve Carney, Chief of Districts and Schools  
December, 2021

# Please record your attendance

[https://stateoftennessee.formstack.com/forms/school\\_funding\\_local\\_match\\_discussion\\_sessions\\_attendance](https://stateoftennessee.formstack.com/forms/school_funding_local_match_discussion_sessions_attendance)



# Statement

The Tennessee Department of Education is excited to work with you on this opportunity to discuss the State's formula for funding public education. Before we begin, the Department would like to remind you of the following:

- Conversations on this topic are not intended to reflect on the current BEP funding formula. The current BEP funding formula will remain in place until a new funding formula is recommended to and approved by the Tennessee General Assembly.
- The public is encouraged to submit comments in writing to ensure that all communications are thoroughly documented and can be reviewed and considered in the future.
- Public comment is encouraged to focus on developing a new funding formula, rather than revising the current funding formula. Consider what should be funded in a new funding formula and at what level.
- Subcommittees will be responsible for reviewing public comment and making recommendations for what should be included in a new funding formula.
- While all committees, subcommittees, and members of the public should feel free to communicate openly, documents and records may be subject to public inspection pursuant to the Tennessee Public Records Act and may be publicly posted or otherwise made available .
- All recommendations that are submitted by committees and subcommittees will be reviewed and considered, but not all recommendations will ultimately be included in the proposed new funding formula.



# Agenda

- Welcome
- Statement
- Feedback to Date on State Portion and Discussion
- Local Funding Overview
- Process and Discussion
- Q & A



# Who is at the table today?

- County Commissioners / Local Funding Entities
  - Mayors
  - School Board Chairs
  - Directors of Schools
  - School Finance Directors
- *Local contributions to education funding are both driven by and impact each of you in achieving your goals for your schools and community.*



# Best for All

- School funding is the foundation of the work of our districts and supports the state's strategic priorities.
- Re-imagining the formula is necessary to ensure we are aligning our resources with the needs of students today.
- This process should pose questions and force decisions on how to fund education so that students succeed in reaching their goals.

# Feedback Summary

Feedback Consolidated for  
Subcommittee Comment and Review

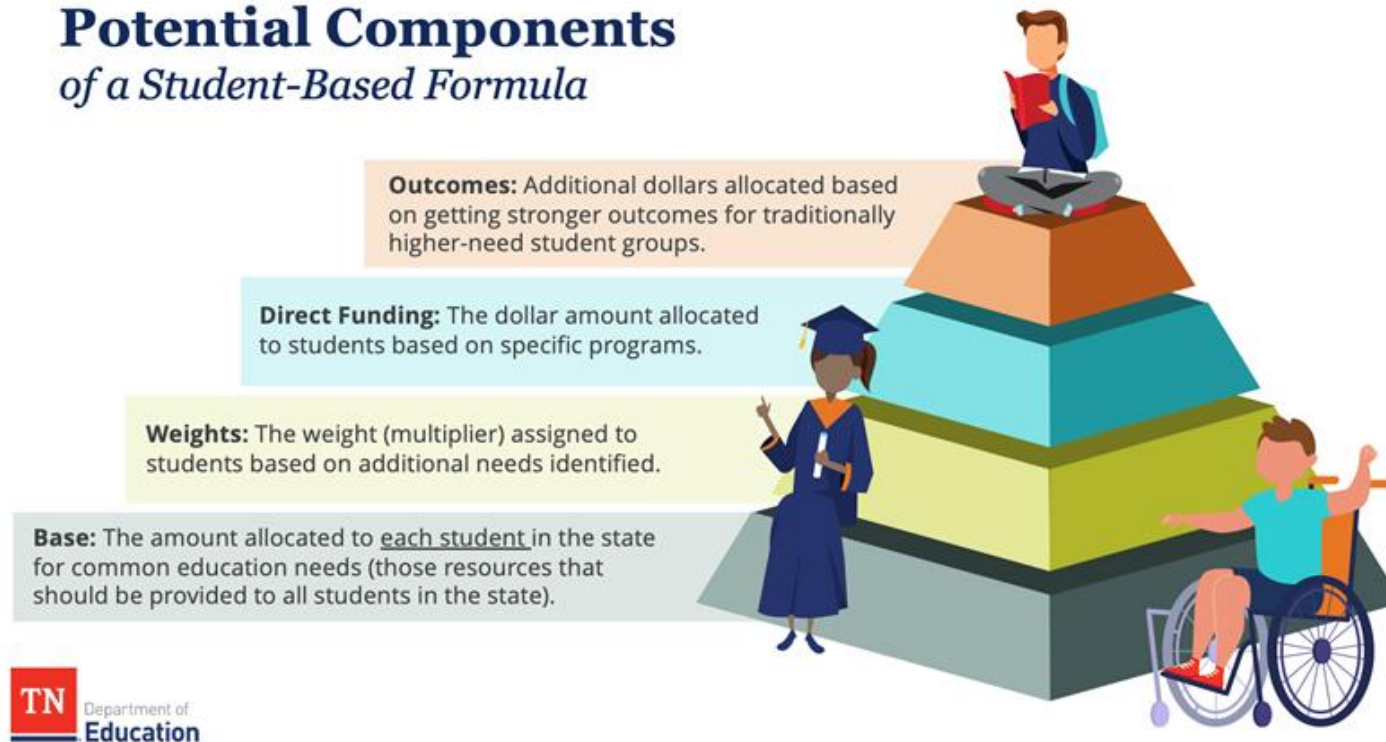
# National Landscape

- 33 states and the District of Columbia that use a student-based foundation
- 10 states with a resource-based allocation
- 5 states with a hybrid of student-based and resource-based approaches
- 2 states with guaranteed tax base (VT, WI)
- <https://www.ecs.org/50-state-comparison-k-12-and-special-education-funding/>



# Overall Feedback Received (General)

## Potential Components of a Student-Based Formula



- Requested: District should not receive less state funding than they receive through the current BEP.
- Requested: Maintain flexibility for local district budgeting.
- Requested: Ensure that whatever is currently funded outside of the BEP is included in a new formula.
- Requested: The local match component should be stable (what it would be under the BEP) for 3-5 years.

# Base

The feedback for the **base** includes the content currently being discussed in subcommittees (i.e. the supports and services you believe are critical to include in a state formula).

**Below are the supports and services that have been consistently named in public feedback.** These bullets only identify statewide trends to be considered in the feedback ultimately provided by the subcommittee.

- Nurses (either at every school OR at the nationally recommended ratio)
- Counselors (either at every school OR at the nationally recommended ratio)
- School Psychologists (at the nationally recommended ratio)
- Teacher Salaries and Benefits
- One principal at every school
- Flexibility for Facility Funding and/or Deferred Maintenance

# Weights

The following are the areas that **received the most positive feedback** in terms of what should be **weighted**:

- Economically Disadvantaged and Concentration of Poverty
- Students with Disabilities (with tiers based on the cost to provide services)
- English Learners (rec. to include tiers based on English proficiency)
- Rural
- Sparsity
- Fast Growing
- Charter Enrollment

Areas that have not received as much feedback that had previously been considered for weights include: gifted, dyslexia, small LEA size, K-2 small class size weight.

# Additional Dollars

The following are the areas that **received the most positive feedback** in terms of what may be considered for **additional funding**:

- Financial Literacy
- Middle School CTE
- Innovative High School Models (IHS, STEAM, P-TECH)
- Extended School Year
- RTI
- High Dosage Tutoring

# Outcomes

The following are the areas that received **the most positive feedback** in terms of what may be considered for **outcomes**:

- Early Postsecondary Opportunity (EPSO) Completion
- AP Course Completion and/or Passing
- Earning Industry Certificates or Certification
- Work-based Learning Completion Metric

# Local Funding Overview

# Brief BEP Overview: State and Local Contribution

- Provides a basic level of funding for education
- Includes funding for 47 components across four major categories
- Each of the four categories has a general division of fiscal responsibility between state and local (ranges from 70/30 to 50/50)
- Those divisions are then further adjusted to account for local fiscal capacity
- What are the sources of local funds used:
  - Property tax
  - Local option sales tax
  - Wheel tax
  - Investment income
  - Other

# Brief BEP Overview: Fiscal Capacity

- Ability of a county to raise local taxes for education
- Not based on what is actually raised
- Formula determines each county's ability based on average rates across the state
- Determined at county level, not at individual district level
- Uses a combination of two fiscal capacity calculations (TACIR Model & CBER Model)



# Brief BEP Overview: Local Contributions

- **Required Local Match:** The total identified funds from the state and local contribution calculation
- **Maintenance of Effort:** Budgeted local revenue must be equal to or greater than the previous year's budgeted amount, unless ADMs have decreased

# Local Contribution: Summary of Feedback to Date

**Based on feedback, the TDOE is proposing a two-step process:**

- **Step 1:** Develop the right state formula
- **Step 2:** Over the next 12 months, determine the appropriate local contribution based on a new state formula and contribution (if proposed and passed).

**What this would mean:**

- Local districts may see more state funding in a new formula, but local communities would not have to contribute anything additional for at least five years.
- The TDOE would propose a 1-year discussion to develop the right local match proposal, based on any new state funding and formula. This gives a 4-year runway before local implementation.

# Discussion

# Discussion

## Information Needed

- Within your team, discuss what additional information you need to engage your stakeholders on the state/local contribution calculation.
  - Top 3 things you need to know as a local leader
  - Data points that may be helpful (i.e. local tax information, historical state/local share, etc.)
  - Information sessions on key topics (i.e. information on TACIR, CBER or other fiscal capacity topics)

# Discussion

## Considerations

- In your group, please discuss what considerations you would want to elevate in a discussion on the state/local contribution calculation. Please consider:
  - What are your considerations for your county or municipal area now (i.e. existing tax context, accounting for inflation, COLA)?
  - What are the things you should be thinking about for the future (i.e. Haywood County)?

# Discussion

## Structure

- Within your team, discuss and record feedback on the process of formulating a decision of determining local contribution, considering the following:
  - Meeting frequency
  - Participants(knowing there will be turnover in roles/positions)
  - Structure
  - Accountability

# Q & A

# Next Steps

- Take these conversations back to your respective groups
- Collect any input and feedback on these topics
- Respond to follow-up survey





# Thank you

- Please send additional questions/feedback to [tnedu.funding@tn.gov](mailto:tnedu.funding@tn.gov)

