



Response to Funding Bill: TISA

March 7, 2022

SB2396 / HB2143 amendment 014195

There is a general consensus from superintendents that increased funding for students in public schools is greatly needed. We appreciate the focus given to the need of additional dollars and support efforts to increase per pupil funding regardless of the formula chosen. As a review of the proposed funding bill (TISA) is ongoing, many questions from superintendents remain unanswered, yet we are cautiously optimistic. Calls, meetings, and documents such as information pertaining to “base, ULNs, and outcomes,” of the formula provided some clarification, but more specific information is needed. We request that all questions be reviewed, answered, and proper time be given to school superintendents and finance directors to determine the impact on their students, school districts, and local community before passage of SB2396/HB2143. This document has been created to be of assistance in examining the transition to a new funding proposal. Listed below are questions our superintendents still have unanswered as of Friday, March 4, 2022. Also, listed below are recommended changes that our TOSS Board approved on Monday, March 7, 2022.

TDOE UPDATE 3/9/2022: The department’s responses to each question are provided in blue below.

TDOE UPDATE 3/18/2022: TOSS provided follow-up questions in bold and yellow highlights. TDOE’s response to the follow-up are directly below, in blue.

Questions for consideration

- 1. What exactly is contained in the base? What funding outside of the current BEP was added to the base amount, and what funding remains outside of the proposed formula that will be available to school districts?**

Each of the elements within the 46 components of the BEP is included in the TISA.

- Funding for “at-risk” is included in the economically disadvantaged weight.
- Students with disabilities, English learners, and gifted students are included in the Unique Learning Needs weights.
- CTE is included in direct funding.
- The remainder of the 46 components are included in the base
 - Salaries: Classroom teachers; principal; assistant principals; art, music, and PE teachers (elementary) or college and career counselors (secondary); counselors; social workers; school psychologists; librarians; nurses; school secretaries; substitute teachers; duty free lunch; intervention; and custodians

- Materials: textbooks; technology; materials and supplies; equipment and non-instructional equipment; classroom-related travel
- Operations: maintenance and operations; transportation; school safety; coordinated school health; family resource centers; alternative schools
- System Supports: superintendent; technology directors; system secretarial support; systemwide instructional supervisors

All federal grants, one-time state funded grants, and some targeted-purpose grants (e.g., Voluntary Pre-K, Summer Programming, Salary Equity) are funded external to the formula.

TDOE's response to question #4 (providing an annotated sheet for each line) will help in understanding the funding levels that guided the development of the base. How are current positions funded 100% locally which are above the BEP requirements factored into the new formula?

A resource-based formula like the BEP identifies resources needed for schools, then funds those resources. A student-based formula identifies the total funding necessary to educate students based on their individual needs.

The BEP does not allow for a student-specific calculation, as the same student could receive different funding amounts based on the grade-level, school, district, and county where the student is enrolled. There is no consistency.

The TISA does not have "TISA-funded" and "not TISA funded" positions. The total funding a district generates from TISA and any additional local funds should be allocated to best meet the needs of students. That being said, districts should be able to take their current funding (state and local) and know those same things continue to be funded. The TISA adds money to that total, for use however the district chooses (which may include paying for existing teachers to free local dollars for other education expenditures).

2. When will FY23 BEP estimates be provided to school districts?

There is no change from previous years. The process starts in April after the department receives CBER and TACIR estimates, which are due May 1st. Like every year, districts will receive updates to these estimates every month through July, at which time districts will receive final numbers.

3. What are the reporting requirements for programs which are now part of the base that were previously outside of the BEP formula (i.e., CSH, FRC, Safety-grant application)?

There is no change. Requirements outlined in statute will remain in place, including programmatic elements and reporting requirements.

4. How and when will the distribution of funds in the proposed new funding formula (all four components) be made to school districts? District allocation sheets provided to superintendents need to have a "how to" sheet for each line and provided to superintendents.

The disbursement schedule would not change. Districts would receive funding payments on the same schedule as they have in the past.

The department is happy to provide an annotated sheet for each line. There is also a [TISA calculator](#) on the department's website. The TISA formula only requires simple multiplication across each line using a district's ADM.

The annotated sheet for each line (as addressed in question #1 will assist in answering this question.

Please see the response to #1, the [FAQ](#), [one-pager](#) and other resources provided on the department's [website](#).

5. What role will the State Board of Education have with rule making?

The State Board of Education (SBE) would have a similar level of rulemaking authority in the TISA as it does now. It would continue to host a committee, approve ReadyGrad (some of which is included in the outcomes), and review programmatic policies.

The department currently makes a number of decisions about the BEP that are not codified in statute or rule. This bill puts those decisions into a rulemaking process for the first time, bringing greater transparency into those decisions. All other details related to the BEP are in the BEP Bluebook or BEP Handbook for Computation (prepared by TDOE). These documents are approved by the SBE but not embedded in rule.

Whether rulemaking is done by SBE or TDOE, the General Assembly always has oversight through the Government Operations Committees when requirements are included in a rule promulgated by either TDOE or SBE.

That being said, the administration is proposing an amendment relevant to this topic.

TDOE's answer "that the SBE will have similar level of rule making authority"...what will the difference of rule making be by both TDOE and SBE if TISA is passed?

Current: The State Board currently hosts a BEP Review Committee and approves the BEP Blue Book and Computation Guide (but that is not in rule). The TDOE currently makes all decisions related to the implementation of the formula that are not specified directly in law.

TISA: As proposed in the administration's amendment, the State Board would host a TISA Review Committee and provide positive/neutral/negative recommendations on the outcomes section. The State Board would continue to have a rulemaking and policymaking role for the same programmatic activities that exist now. The TISA does not remove rulemaking authority currently in place. In the TISA, the TDOE would be required to promulgate rules for the decisions the department currently makes. This would require public feedback, a public comment period, as well as opportunities to testify in front of the Government Operations Committee.

6. What will the timeline be for school districts regarding improving outcomes for students?

We should always be focused on improving outcomes for students. We're not certain exactly what question you're asking here.

When will districts receive outcomes funding? ie FY24 outcomes funding based on FY23 results.

Outcomes funding would be available in the FY24 budget. Outcomes funding is subject to the rule-making process, which would begin immediately if the bill is passed.

7. What student enrollment numbers were used to make projections on the district allocation sheets?

The data was based on district-submitted data for enrollment and ADM. The numbers were based on FY23 projections, using both five-year (pre-pandemic) enrollment trend data and FY22 (periods 2 and 3). This is standard for projection data when forecasting multiple years in the future.

8. How is transportation funding factored into the new proposed formula?

Transportation funding would be included in the base, with additional funding that could be used for transportation provided as part of the sparse weight.

Are students that live within 1.5 miles and ride a bus factored into the formula?

All transportation dollars that are funded in the BEP are included in the base funding for TISA. Additional funding has been included in the base, and there are additional weights in place for sparse districts that may be used to support transportation.

9. What are the local fiscal capacity projections for each LEA for the next five years?

The department sent future year projections of local contribution under the TISA individually to districts.

Fiscal capacity is how the local share is divided among districts based on their ability to contribute as required. A county's local fiscal capacity is determined based on actual property and sales tax revenues and education spending data over a period of time. The department receives updated fiscal capacity projections by May 1 of each year, and estimates released this spring will factor in these latest fiscal capacity indices.

10. How will the Maintenance of Effort (MOE) be impacted over the next five years?

MOE requirements would not change in a new formula. Each district's MOE projection for FY23 is included in the future year projections letter referenced above.

11. What is the current funding for school systems through salary equity? How will these dollars be included/not included in the new formula?

The state currently funds \$14.5M towards salary equity, which would continue to be funded outside of the formula. It would now also be codified.

It was previously shared with superintendents that salary equity funding was factored in the base, (now it is stated it is outside the base) does that reduce the district allocations since it was originally factored in the base?

No. Aligned to feedback from directors on the original TISA proposal, salary equity has been added to the legislative proposal and would be an additional component to public education

funding, similar to fast-growing. These salary equity funds would be provided above and beyond the TISA.

12. How does this bill define “teacher” and what are the consequences for other personnel (certified and non-certified) in this proposed formula?

For the purposes of determining teacher salary increases, the bill refers to “existing educator.” The bill defines “existing educator” to mean an individual who is evaluated pursuant to §49-1-302(d)(2) and who provides direct service to students at school sites the bill for the definition. This broadly would include those who are evaluated using TEAMS. This is consistent with the intent of the General Assembly that has been conveyed to the department each year when discussing teacher salary increases and a specific request to have codified.

There would be no consequences for other personnel in the formula. Current funding available for other positions not included in the bill’s definition of “existing educator” would remain in place, as do statutory requirements. Given that the new formula would add funding, it would serve to support existing staff.

13. What are all of the reporting requirements for school districts with the new funding formula proposal?

Reporting requirements would match what is currently outlined in state and federal law. Separate from the TISA, the [federal government requires](#) all districts and schools to report on funding [and spending](#). That reporting must be publicly available on the district and school’s report card. The TISA aligns with those requirements.

14. What funds are generated in this proposed formula for capital expenditures?

The funding is consistent with the BEP level of funding and is included in the base.

15. How is student mobility addressed?

A new formula would capture student movement in a more granular way, allowing districts to capture the data for mobile students more accurately. When the formula uses district collected and reported data for each month – as opposed to only a few months – districts would receive funding generated by students for the entirety of the student’s enrollment in the district.

16. Will the proposed new accountability plan eliminate the current required LEA strategic plan?

The department would work with districts to create significant efficiencies by consolidating requirements for state and federal plans into one requirement as opposed to mandating multiple plans over the year.

17. How do the “outcomes” of the formula impact differentiated pay plans that are now required?

There is no connection between the “outcomes” component of the formula and differentiated pay plans. There would also be no change to the current statute related to differentiated pay plans.

18. Are the State Board of Education blue book ratios still valid in this proposed funding formula?

A student-based formula does not use ratios. That being said, the funding levels that guided the development of the base are the same or better than what is funded in the BEP. Adding \$1B in state funding means an increase to current state funding to districts.

19. How will trustee's fees be impacted by a new formula?

There is no impact.

Recommendations for TISA Formula improvements

1. The formula used to determine economically disadvantaged students should also consider free and reduced meal status.

The concentration of poverty weight captures a higher percentage of students than the proportion noted in 2016, which was the last year FRPM data was collected by all districts. Because the dollar amount allocated to an economically disadvantaged weight wouldn't change, changing to FRPM would only redistribute what is currently projected in TISA while increasing paperwork, the federal audit burden, and related consequences. The policy decision reflected in the bill is (1) consistent with federal guidelines, (2) stronger under audit, and (3) consistent with best practice.

2. The "weights" portion of the proposed formula should impact students in public schools and charter schools the same.

The funding in the proposed charter weight is approximately the same as the current recurring state funding for charter facilities. This funding has been in place for years and exists outside the BEP formula. The TISA would bring this existing funding stream into the formula; removing it will reduce transparency. Separately, the department also proposed adding a fast-growing facility fund for traditional public school districts as well.

3. Projected enrollment numbers need to be reviewed individually with each superintendent and finance director.

Enrollment numbers are submitted and certified (attested to) by districts. The department is happy to review those attestations with any district who would like to do so. Please contact [Sam Percy](#) or [Shannon Gordon](#) to schedule time.

Additionally, the department will be working to schedule meetings with the commissioner and Sam Percy for any interested superintendents and their finance directors to answer specific questions.

4. Withholding of funds from school systems due to legislative bodies not participating in professional development and passing an assessment should not occur.

The administration is proposing an amendment relevant to this topic.

5. The number of school systems positively impacted from the proposed definitions of "rural, sparsity, and small" need to be publically identified to determine if definitions need to be adjusted to impact more students.

The department has posted the lists of districts that would qualify for small and sparse weights based on the definitions of small and sparse outlined in the bill. For clarification, there is no rural weight in the legislative proposal.

There is a proposed sparse weight which is defined as 25 students or less per square mile for county districts. The federal definition under SRSA (the Small and Rural School Achievement Program) is 10 students per square mile. The bill reflects a more generous definition, which captures 81 districts.

The federal definition for “small” under SRSA is a district size of 600 students or fewer. The bill reflects a more generous definition at 167% of the federal definition, which captures 25 districts. The median size of a U.S. school district is approximately 1,000 students. This means 40-50% of all districts in the country have fewer than 1,000 students. The proposed definition of small considered these factors and is generous compared to the federal definition.

6. All rulemaking of this proposed formula should be given to the State Board of Education. The bill reflects a general scope of what each body would do, and the State Board would have a similar level of rule-making authority in the TISA as it does now. The department currently makes a number of decisions about the BEP that are not codified in statute or rule. This bill puts those decisions into a rulemaking process for the first time, bringing greater transparency into those decisions. All rulemaking must be approved by the Government Operations Committee of the General Assembly. That being said, the administration is proposing an amendment relevant to this topic.

Thank you for the opportunity to share these questions and recommendations as we work together to improve funding for students in Tennessee.