



Tennessee's Funding for Student Success: Student-Based Formula *Draft Framework for Public Review and Comment*

Tennessee's Funding Formula Engagement Process

In October 2021, Governor Bill Lee committed to a robust public engagement process to explore a potential student-based funding formula for Tennessee. The Tennessee Department of Education created 18 subcommittees to focus on this work, with Tennesseans from across the state providing public comment on what they would like to see funding in a student-based funding formula, and at what levels.

Why Now?

- Tennessee has a long history of implementing bold initiatives to support student achievement.
- After decades of discussion, there is long-standing desire for a formula rewrite in Tennessee and significant recent momentum from a robust public engagement process that has produced consistent recommendations as previous reviews. The current budget landscape creates a unique opportunity to do that work now.
- The federal COVID-19 relief funding to districts provides an opportunity to supplement any local needs, bring in additional expertise, and capitalize on the current openness and need for change.

The Goal of a New Formula

Aligned with best practice, Tennessee's new funding formula for K-12 public school students would incentivize strategic and efficient spending to accelerate student achievement and support a more thoughtful allocation at the local level.

What Must Be Different in a New Formula for Tennessee

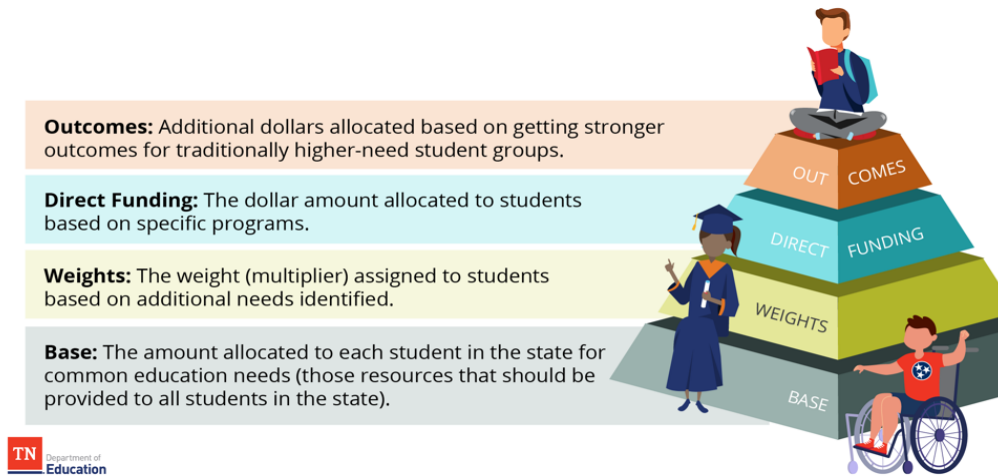
- Strategic for all students (student-based; funding students not systems)
- Easy to understand
- Sustainable
- Outcomes-driven
- Flexible

To date, subcommittees have met four times and have provided a series of draft recommendations based on public comment. All public comment has been routed to tnedu.funding@tn.gov for the record. Subcommittee members, materials, resources, and recordings of the subcommittee meetings are posted on the department's [website](#). Please note that there have been additional town hall meetings, engagements, etc. that have generated public comments on this topic.

Tennessee's Funding for Student Success would provide a student-based funding strategy that empowers parents and the public to understand how K-12 public education funding from the state is being spent at the district- and school-levels to ensure the success of their students.

The Draft Proposed Funding Framework

Leveraging the robust work and input from the subcommittees, the department's formulations for a potential new student-based funding framework began with considerations of funding that exists within the current funding formula, the Basic Education Program (BEP). All items funded in the current formula and some additional funding for K-12 supports that currently exist outside of the BEP are accounted for in the proposed formula framework below, either in the funding base or weights.



Base

The proposed Funding for Student Success formula will fund the following items as part of the base:

- Educator salaries
- Nurses
- Counselors and school-based supports
- RTI² support
- District-specific needs (vary by district, so base may consider locally driven additions)
- Technology
- Coordinated School Health in every district

Weights

The proposed funding framework includes weights for 1) Poverty and Concentrated Poverty, 2) Rural, 3) Unique Learning Needs, and 4) Charter Schools.

Poverty and Concentrated Poverty

- This funding weight would ensure students who are living in poverty get additional weight of funding to accommodate the needed services to prepare them for academic success, addresses the multiplier effect of having large proportions of students with greater needs, and equally benefits rural and urban districts.
- *Data:* Direct Certification (student) and Title I Status (concentration)
- *Impact:* Economically disadvantaged students (321,602 students) and concentrated poverty (569,108 students)
- *Weight Comparability: Heavy*

Rural

- This funding weight would ensure students can receive excellent in-classroom supports, even when they attend a rural district that may see higher costs for services like transportation or local services that do not receive the same benefits from economies of scale.
- *Data:* NCES Code (federal school designations for Rural: Fringe, Distant, Remote and Town: Remote)
- *Impact:* 315,384 students in rural schools, plus additional weight for small/sparse LEAs under 3,000 students
- *Weight Comparability: Moderate*

Unique Learning Needs

- This funding weight would ensure districts can make strong spending decisions to meet the student-specific contexts within their local community, which can vary dramatically across districts. It would provide a tiered approach to ensure appropriate funding for Students with Disabilities, Gifted, English learners, and students with qualified Section 504 Dyslexia plans.
- *Data:* Must have federal/state plan and be verified through existing state test/assessment.
- *Impact:* Varies based on student services received. Students would be eligible for funding for each of the service(s) received and are not limited to one category.
- *Weight Comparability:* **Varies** based on specific student needs (heavy, moderate, light).

Charter Schools

- This funding weight would ensure that when a charter school utilizes a school facility owned by the local school district and incurs all rent plus maintenance and improvement costs to provide school facilities for their students, additional funding will be available to support in-classroom services and resources for students.
- *Data:* Statewide charter school enrollment
- *Impact:* 42,186 students
- *Weight Comparability:* **Light**

Direct Funding

The proposed funding framework would include direct funding, or additional dollars to districts, for 1) Fast Growing, 2) Tutoring, and 3) Career and Technical Education (CTE).

Fast Growing: Significant enrollment growth within a school community warrants same-year support for the services provided as a result.

Tutoring: Funding to provide high-dosage, low-ratio tutoring via TN ALL Corps for rising 4th grade students who scored at “Below” on the 3rd grade TCAP (as outlined in the *Learning Loss and Student Acceleration* statute). Students would have individualized learning plan and data submissions, as required.

CCTE (College, Career and Technical Education): All CTE funding would be provided in one area as direct funding for participating students. This would include funding for staffing, materials, and emphasize those courses and pathways that are high-demand and high-value. This currently impacts 141,843 students.

Outcomes

The outcomes section would provide a per-student bonus for performance. The current recommendations for consideration would apply to all students but include additional weight for economically disadvantaged students. All data listed below is data that is already collected by the department. Additional public feedback is requested on which of these areas should ultimately be included in the proposal.

- Literacy
 - Data Source: Continuing to request feedback from public comment
- ReadyGrad Indicators¹ with Outcomes
 - Data Source: existing data
 - ACT: 21 or higher
 - SAT: 1060 or higher
 - Advanced Placement (AP): pass the AP exam with a qualifying score (earns college credit)
 - Cambridge International Examinations (CIE): pass the exam with a qualifying score (earns college credit)
 - College Level Examination (CLEP): pass the exam with a qualifying score (earns college credit)
 - Industry Certification: passes the exam

¹ ACT and SAT; Complete four early postsecondary opportunities (EPSOs); Complete two EPSOs + industry certification; Complete two EPSOs + a score of 31 on the Armed Services Vocational Aptitude Battery (ASVAB) Armed Forces Qualifying Test (AFQT); Complete two EPSOs + WorkKeys National Career Readiness Certificate

- International Baccalaureate (IB): pass the exam with a qualifying score (earns college credit)
- Dual Enrollment: passes the course
- Local Dual Credit: pass the course
- Statewide Dual Credit: pass the course
- CTE Completers
- WBL and Apprenticeships
- FAFSA Completion

Additional Considerations Supported by Subcommittees

- **PK – 3rd Grade Band:** There is a strong push to lower class sizes in the youngest grades to achieve stronger outcomes. Research demonstrates the value of class sizes under 15 students, as well as high dosage tutoring. This could be most efficiently achieved by funding a paraprofessional or new co-teacher in every K-3 classroom, every two classrooms (to focus on literacy, tutoring and intervention), or to focus support in Title I schools.
- **Universal PK4:** This was requested or recommended by almost every subcommittee, with commentary related to quality as well as access. There may be some one-time federal funds for structural expansion needs, but there is a request for sustained funds for the increase in students to accommodate waitlists (students aged 4, only). This is also an area that has seen recent expansion in neighboring states such as Texas, Florida, Mississippi, North Carolina, Kentucky, Arkansas, and Alabama.
- **Career Coaches:** There is a great deal of feedback on career coaches for 7th – 9th grade to help guide students to the best high school options. This could be part of the conversation related to counselors, above.
- **Overall Salaries (outside of educators):** There has been some comment related to salary schedules for non-educators. This amount would vary.

Transparency, Accountability and Reporting in the New Framework

Transparency, accountability and reporting are limited under the existing formula for funding. The content listed below outlines information that is relevant to the public in understanding spending and readily available in existing data reports, but not easily accessible, identified or understandable. The new funding framework would include robust reporting requirements utilizing existing and new federally required data.

- **Fiscal Accountability Report:** There are a number of fiscal notes that would be considered on transparent reporting that would be considered. The department would establish a consistent fiscal accountability report to allow the public to review various fiscal indicators.
- **State, District, and School Reporting:** In addition to state and district reporting, school-level information would also be publicly available. This would include school-level per pupil expenditure information, as well as the amount of funding that each school generated in the formula. The reporting would illustrate current data as well as trends over time and with comparable peers.
- **Expenditure and Investment Transparency:** Reporting would include information on resource investments at the district and school levels. Many of the feedback components in public comment included how money should be spent. While a state education funding formula is a funding plan and not a spending plan, it is important that the Tennessee General Assembly and public have clarity and transparency in how those dollars were used, in alignment with student growth.

Next Steps

Tennessee has an opportunity to enhance the funding for K-12 public education to ensure students have the resources they need to succeed and achieve. **The public is encouraged to submit comment on this proposed funding framework by Tuesday, January 18th at noon CT.** Comment can be emailed to tneu.funding@tn.gov.