

Tennessee Funding Review Engagement

Steering Committee Meeting

December 15, 2021

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
- Process Overview
- Public Comment (to date) and Steering Committee Feedback
- Local Contribution Conversations and Steering Committee Feedback
- Timelines and Next Steps
- Q & A

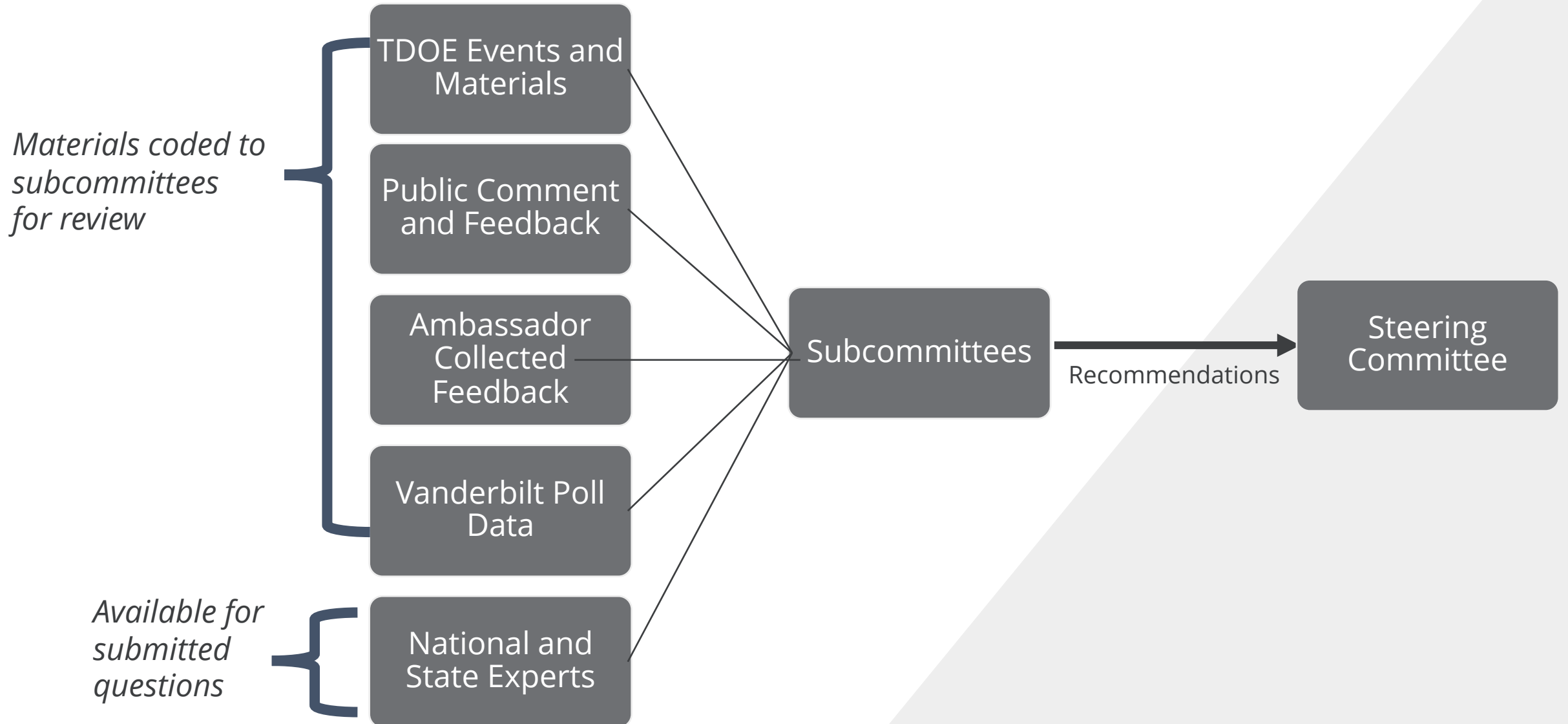


Process Overview

Process

1. Information and feedback will be requested by the TDOE and is open to all Tennesseans.
2. Information and feedback will be **received in writing** via email, postal mail, provided at a TDOE-event, and/or through social media comments posted directly to school funding-related posts (Town Halls and Twitter Town Halls) and/or **provided through public comment at a TDOE event** and then transcribed and coded by the department.
3. A paralegal and a trained TDOE team will code all above information received to one or more subcommittees.
4. Materials will be provided to subcommittees for review and consideration. Both an electronic and hard copy (unredacted) will be stored by the TDOE. Content identifying student information, stakeholder home address, or similar will be redacted before being sent to the subcommittees.
5. Recommendations are provided to the Steering Committee for consideration.

Process Structure



Transparency

- All written materials provided to the TDOE will be publicly available (either posted on the website or subject to public inspection). All comments and meetings to date are posted on the website.
- All subcommittee meetings will be publicly available (recorded and placed on the TDOE website). Subcommittee meetings will not have written notes, as the videos will be available to ensure all comments are fully and accurately posted for the record.
- All subcommittee recommendations are will continue to be publicly available and posted on the website.
- All Town Halls and Twitter Town Halls are open to public.

TDOE-Led Public Engagement Opportunities

- 18 Public Subcommittees
- 8 Regional Town Halls
- Twitter Town Halls
- Local Public Official Working Feedback Sessions
- Newsletters
- Dedicated Email-- tnedu.funding@tn.gov-- accepting public comment from any Tennessean for subcommittee review

TDOE-Supported Public Engagement

- **Toolkits:** TDOE will provide toolkits for school districts and community organizations to host local town halls throughout the state
- **School Funding Ambassadors:** TDOE will select School Funding Ambassadors who proactively volunteered to collect feedback in their communities on school funding
- **Vanderbilt Poll:** TDOE worked with TERA to include school funding-related questions in the Vanderbilt Poll (third-party, researcher-developed)
- **School Funding National and State Experts:** TDOE will work with a group of national experts on school funding to support formula development and answer questions from the Steering Committee and subcommittees

TDOE-Facilitated Engagement

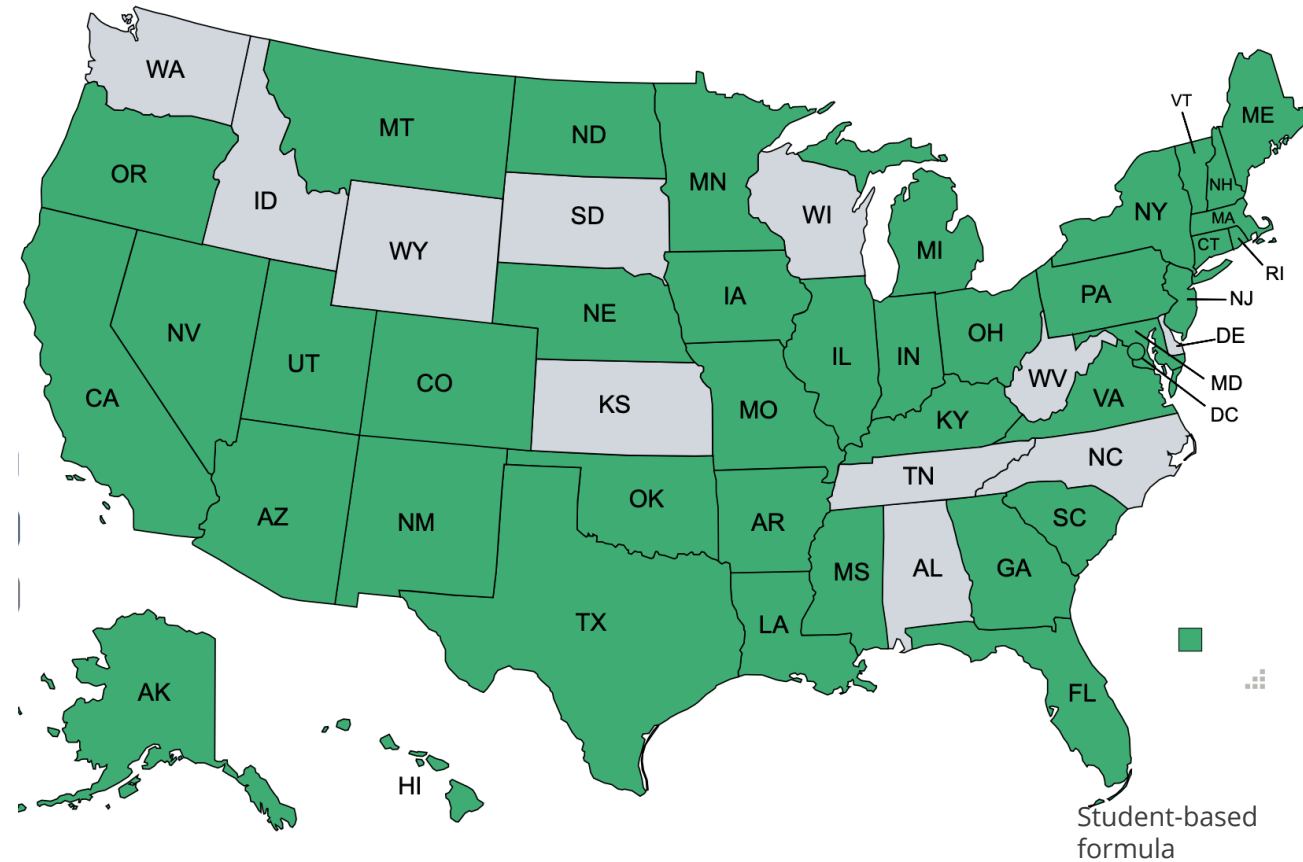
- **Superintendent Study Council:** School funding will be a regular agenda item each month
- **Superintendent Monthly Regional Meetings:** Q&A with superintendents on school funding
- **Regular Local Engagement and Community Meetings:** TDOE leadership will solicit feedback and participate in smaller, personalized discussions across the state to gather feedback (as invited or scheduled)
- **TDOE Partner and Other Engagement Groups:** TDOE will request feedback from the 36+ regular engagement groups that work with the department on content-specific and stakeholder-specific topics
- **District Support:** TDOE will provide a no-cost professional development series on district-facing school funding and federal requirements (open to public school districts)
- **School Funding Professional Development:** Sessions provided on student-based budgeting (content will be made publicly available)

Feedback Summary

Feedback Consolidated for
Subcommittee Comment and Review

Moving to a Student-Based Formula

- Tennessee is considering the development of a **student-based** formula.
- The current BEP is over 30 years old and one of the most complex funding formulas left in the country.
- 39 states/territories have already moved to a student-based or hybrid student-based formula
 - 33 states and the District of Columbia that use a student-based foundation, with 5 states using a hybrid model
 - 10 states with a resource-based allocation
 - 2 states with guaranteed tax base (VT, WI)

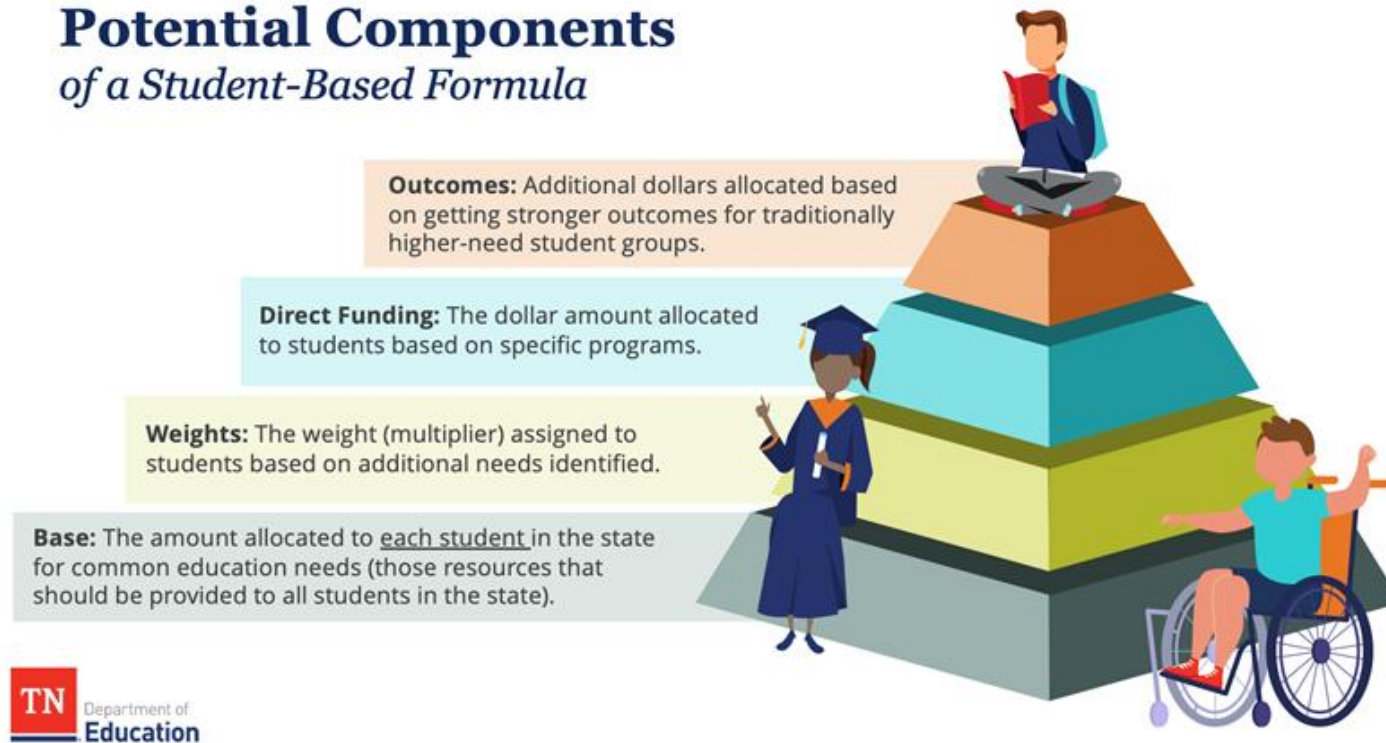


FAQ

- What makes this process different from the current BEP?
 - 10+ years of the BEP review committee
 - Multiple commissioned reports considered
 - Statewide public engagement with hundreds of comments so far
- What are the differences between this proposal and the BEP?
 - This is a student-based funding formula, meaning that it funds the student as opposed to a set of ratios.
 - It is widely considered to be more fair and appropriate for all types of communities (urban, suburban, rural) and students with varying needs.
- How many districts will lose money as a result of the new formula?
 - None in the current set of recommendations.
- What are the main components of the proposal and is there an “easy” way to explain them?
 - Moves from 46 components in the BEP to 4 categories with a smaller set of weights (likely 6 – 10)
 - Local share is a separate conversation

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 (at every school OR at the nationally recommended ratio)
- Counselors (at every school OR at the nationally recommended ratio)
- School Psychologists (at the nationally recommended ratio)
- Teacher Salaries and Benefits
- One principal and AP 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 (4th grade)

As a reminder, this section would be for areas that are not funded for all students (base) and are not included in a weight. Examples of existing funding that would be applied to this category: ACT Retake, 4 Dual Credit Courses, Summer Programming.

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
- Reading proficiency (multiple ideas on measurement)
- Differentiated compensation support

A discussion that requires more input is to decide whether this outcomes funding should be limited to economically disadvantaged students or to a broader group.

Local Contribution

What are the current recommendations and process for local contributions?

Local Conversations

TDOE is hosting 8 regional meetings for:

- County Commissioners / Local Funding Entities
- Mayors
- School Board Chairs
- Directors of Schools
- School Finance Directors

These conversations are to engage local leaders who are responsible for fiscal management and oversight in counties, districts, etc. The meetings will request feedback on the local contribution conversation and leave time for general feedback on the state formula.



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 and Feedback

Timelines and Next Steps

Timeline

- All subcommittees complete Meeting #3 by this week.
- Subcommittees will have a month to review additional feedback that comes to the TDOE through January 6th (delivered to them the following week).
- TDOE will begin to facilitate the development of a model based on public comment and Steering Committee feedback for review.
- Subcommittees will provide additional feedback and commentary on that model in mid-January, with final recommendations at the end of January.
- The Steering Committee will meet 2-3 times in January to provide feedback and direction, before a final decision is made on next steps by the Governor and General Assembly leadership.

Additional Questions?

