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PENNY SCHWINN
COMMISSIONER

August 16, 2019

Chairman Mike Carter
425 5th Avenue North
Nashville, TN 37243

Dr. Cliff Lippard
226 Anne Dallas Dudley Boulevard, Suite 508
Nashville, TN 37243

Dear Chairman Mike Carter and Dr. Cliff Lippard,

Thank you for the memo and supporting documentation, dated May 23rd, 2018, regarding the recommendation that the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) fiscal capacity calculation be updated to include current IDB assessment amounts rather than the 1993-1995 PILOT payments data currently used.

The Department of Education and the State Board of Education agree that using the current IDB assessment amounts in the TACIR fiscal capacity model would reflect the most current data available, and would be more consistent with the data used in the CBER fiscal capacity model.

However, after reviewing the relevant state laws, we have concluded it is not under the jurisdiction of the BEP Review Committee to approve changes to TACIR's fiscal capacity model. T.C.A. § 49-1-302(a)(4)(B), authorizes the Basic Education Program (BEP) Review Committee to "regularly review the BEP components, as well as identify needed revisions, additions, or deletions to the formula." We do not believe this authority extends to approval of TACIR's fiscal capacity calculation. T.C.A. § 49-3-307(a)(10)(B), does require the BEP formula to "recognize the ability of local jurisdictions to raise local revenues as determined by the multiple regression analysis model developed by the Tennessee advisory commission on intergovernmental relations pursuant to § 4-10-104(10)" and any changes to the fiscal capacity calculation is certainly of interest to both of our agencies and the BEP Review Committee. We also recognize that if the commission itself makes this recommendation to change its formula, but does not believe it has the authority to change its fiscal capacity calculation without specific authorization from the General Assembly, then T.C.A. § 4-10-104(4) authorizes the commission to "Draft and disseminate legislative bills, constitutional amendments and model local ordinances necessary to implement recommendations of the commission".

If TACIR decides internally to update the fiscal capacity calculation we stand ready to help communicate the change to local school districts, who potentially could see changes in their BEP funding. We are attaching an updated analysis of the impact on local district's BEP funding to assist in your decision making. If we can provide any additional information or be of any other assistance please let us know.

Thank you for your attention to this matter,

A handwritten signature in black ink, appearing to read 'Penny Schwinn', with a stylized, cursive script.

Dr. Penny Schwinn
Commissioner
Tennessee Department of Education

A handwritten signature in black ink, appearing to read 'Sara Morrison', with a cursive script.

Dr. Sara Morrison
Executive Director
Tennessee State Board of Education