

Summary and Recommendation: K-12 Public Education Funding and Services

Education affects everything from economic development to the health of citizens. Therefore, it is not surprising that K-12 public education consumed 16% of state expenditures in fiscal year 2017-18 and a larger share of local government expenditures—an average of 65% for counties and 54% for those cities with school systems. Funding for these expenditures totaled \$10.2 billion,¹ including \$1.2 billion from the federal government, \$4.9 billion from the state, and \$4.1 billion from local governments. Approximately 95% of all state revenue school systems receive is provided through the Basic Education Program (BEP) formula, which funds a number of components to provide a basic level of state and required local matching funds for each of Tennessee’s 141 public school systems.²

The meaning of the word “basic” for purposes of the BEP is not defined in law but rather through a robust stakeholder-driven process laid out by the Education Improvement Act (EIA) of 1992, which replaced the process-focused regulations in prior law with an outcome-based system of accountability and consolidated a complex set of separate, categorical programs into this single funding stream. Since that time, the state has imposed few earmarks other than those necessary to ensure that appropriations to improve teachers’ salaries are actually used for that purpose,³ and local school boards have considerable flexibility in spending BEP funds. For this reason, the BEP formula is properly characterized as a funding formula, not a spending plan.

Although the changes made in 1992 resulted in substantial increases in state funding to support the BEP, meeting local needs and the requirements imposed by the state and federal governments often requires more resources than the BEP formula alone provides. Consequently, state and local funding in fiscal year 2017-18 totaled \$2.1 billion over and above what was required by the BEP formula, including a total of \$1.7 billion in local revenue. Even at that, Tennessee on average spends only 75% of the national average per student, and

¹ Excludes non-revenue receipts, which are receipts from sale of bonds, notes, lease proceeds, insurance recovery, and transfers.

² Excludes the Alvin C. York Institute, Tennessee School for the Blind, Tennessee School for the Deaf, and West Tennessee School for the Deaf because they don’t receive local revenue; also excludes the Achievement School District and the State Board of Education School District because they are funded by the school systems from which their students come.

³ Some other examples include education service and personnel requirements in state law that limit how funds calculated for nurses and school counselors may be spent and that require systems to provide each K-12 teacher with \$200 for classroom materials and supplies.

even school systems in counties with the largest tax bases fall below the average of the nation's 10 top-spending states. To better understand why and how these additional funds are spent and where the BEP formula might be improved, the Commission directed staff to produce an interim report on K-12 public education services and funding as part of the Commission's comprehensive study of the duties of cities and counties under state law and the funds the state provides to support them.

Federal and state requirements and local needs determine the K-12 education services school systems provide.

Tennessee's constitution, Article II, Section 12, declares both the state's intent and its responsibility for educating children:

The State of Tennessee recognizes the inherent value of education and encourages its support. The General Assembly shall provide for the maintenance, support and eligibility standards of a system of free public schools.

To fulfill its constitutional obligations for public education, the General Assembly has passed a host of statutes comprising an entire title of Tennessee Code Annotated. These statutes, together with State Board of Education rules and regulations comprise state education laws with which school systems must comply and provide the minimum standards for the operation of public school systems. Through these laws, the state delegated considerable authority to operate schools to locally elected school boards and holds them accountable for their success. School systems must also comply with federal laws, each with its own set of complex regulations that school administrators must understand in order to deliver needed services to students and protect their rights and privacy.

Within this state and federal framework, the services each school system provides are driven locally by student needs and community expectations. There is no single blueprint for services that fits every school system and every child. For example, the services a school provides for students with special needs are determined by what is specified in these students' individualized education programs, which differ for each student and sometimes from year to year. School systems may also decide to provide services beyond what is legally required to ensure the health and safety of students, such as employing or contracting with additional health and mental health professionals and school resource officers or providing meals for students to take home each weekend. And although school systems are not required to provide transportation services for their students, most school systems do.

Both state and local funding for K-12 education have increased over time and total more than what the BEP funding formula calculates.

The BEP formula began to be implemented in fiscal year 1992-93, with state revenue for public schools increasing from \$1.6 billion in that year to a total of \$4.9 billion in fiscal year 2017-18. Spending equity has improved as the increase in state revenue made up for differences in local tax bases. Most of this improvement occurred as the formula was phased in and for a few years after it was first fully funded by the General Assembly in fiscal year 1997-98; it has been fully funded every year thereafter. Even after being fully funded, both state and local K-12 education revenue per student continued to increase to meet student needs and changing requirements. More recently, from 2013-14 to 2017-18, when adjusted for inflation, state revenue per student increased from \$4,767 to \$5,086, and local revenue per student increased from \$3,968 to \$4,264. This resulted from a \$630.9 million increase in state revenue—with the largest increase occurring after enactment of the BEP Enhancement Act of 2016—and a \$554.6 million increase in local revenue.

In fiscal year 2017-18, total K-12 education funding calculated through the BEP formula, excluding base-level funding for school systems,⁴ was \$6.9 billion. Of this total, the state's share was \$4.5 billion, and the statewide required local match was \$2.4 billion. For each public school system, the required local match is determined by its county's fiscal capacity, which is each county's ability to raise revenue for education from local sources relative to other local governments. As noted by the Office of Research and Education Accountability in the Office of the Comptroller of the Treasury, the BEP formula's use of fiscal capacity "is intended to put all counties on a level playing field, regardless of their size or relative wealth."

Because fiscal capacity is calculated at the county level rather than at the system level, funding disparities can and do exist among school systems in counties with more than one school system. Adopting a system level model, either the prototype of model developed by TACIR and Tennessee Comptroller of the Treasury staff in 2004 or one developed by other agencies, could essentially eliminate these disparities. See TACIR's 2020 report—*Effects of Sharing of Revenue among School Systems in Counties with More than One School System*.

While the BEP funding formula establishes the minimum state and local contributions to K-12 education, both state and local governments allocate additional revenue to education outside of what is calculated using the formula's components. State allocations outside the BEP formula have included money for fast-growing school systems and money for salary equity (\$18 million and \$14.5 million respectively in fiscal year 2017-18). Other examples include \$51 million to help school systems acquire needed infrastructure to meet new online testing requirements in fiscal year 2013-14 and revenue used to fund services such as early

⁴ Tennessee Code Annotated, Section 49-3-307(a)(1)(A)(i).

childhood education, career and technical education, and special projects and programs to enhance educational opportunities. Some state allocations, though outside the BEP formula, are equalized as though they are inside the formula to ensure equity across school systems in counties with different tax bases.

Local revenue beyond the required local BEP match, as noted previously, was approximately \$1.7 billion statewide in fiscal year 2017-18. This includes matching funds for federal and other state programs, as well as funding for locally identified education needs—such as academic enrichment, including field trips, and extracurricular activities, including athletics, band, and academic teams.

While data availability and other factors make dollar-to-dollar comparisons difficult, comparisons of BEP-funded to actual positions show that school systems often need to hire more staff than provided for by the formula; this requires additional revenue. A prominent example is teachers.⁵ In fiscal year 2018-19, the BEP funding formula generated a total of 62,888 licensed instructional positions,⁶ but school systems employed a total of 69,633 with state and local revenue.⁷ Another 2,420 positions were funded with federal revenue—for example Title I. To avoid incentivizing uneconomically small schools, BEP-generated positions are calculated at the school-system level using class-size requirements set in state law; however, school systems must meet those requirements at the school-building level. As a result, many school systems have to hire more teachers to meet class-size requirements. Additionally, some school systems hire more teachers to meet local expectations for smaller class sizes.

Another area where school systems use additional local revenue is school health services. Statewide in fiscal year 2017-18, the BEP funding formula generated 354 nurse positions, but school systems employed 1,394 nurses. The formula provides funding for one nurse for every 3,000 students, with a minimum of one nurse for each school system. This ratio is in state law, unchanged since the Education Improvement Act was enacted in 1992.⁸

For other components, the BEP funding formula generates a number of positions that is closer to or even more than the number reported by school systems. For instance, the formula

⁵ Some of the instructional positions above those generated by the BEP funding formula are funded by federal revenue—for example Title I.

Finsurance

⁶ Email from Brad Davis, Regional Fiscal Consultant, Tennessee Department of Education, on December 5, 2019.

⁷ Tennessee Department of Education 2018 (Annual Statistical Report).

⁸ Tennessee Code Annotated, Section 49-3-359(c)(1) and Public Chapter 535, Acts of 1992, Section 3.

generated 1,779 librarian positions and 487 library educational assistants in fiscal year 2017-18, while school systems employed 1,567 librarians and 397 library educational assistants.

TACIR recommends a review of the BEP funding formula components.

Although the state’s education statutes that establish the requirements and goals of a public education don’t explicitly define “the minimum state responsibility or the meaning of ‘basic’ in the Basic Education Program,” this was done in part to give local boards greater autonomy to manage their school systems by removing earmarks on state funding and repealing 3,700 rules and regulations. Through the enactment of the Education Improvement Act of 1992—which created the BEP formula—the General Assembly also established a review committee of state and local officials and other stakeholders to review and make recommendations for needed revisions to the BEP formula. As education needs and requirements have changed, some components have been added to the BEP funding formula, while other components have been enhanced. For example, teachers and translators for English Learners were added to the BEP formula beginning in 2001-02, and a component for Response to Instruction and Intervention services—a framework for teaching and learning “aimed at better supporting students’ individual learning needs,” which became a state requirement for school systems in 2014-15—was added beginning in 2018-19. Many of the changes in the BEP funding formula’s components were first recommended by the Basic Education Program Review Committee (BEPRC), a body of state and local officials and stakeholders established by the General Assembly in 1992 to make recommendations “on needed revisions, additions, and deletions to the formula.”

While many of the BEPRC’s recommendations have been implemented, others have not. Examples of those that have not include

- increasing the state-share of instructional salaries to 75%;
- lowering ratios to generate more positions for nurses, technology coordinators, and school counselors;
- adding a component for professional development for teachers; and
- reducing class-size ratios for grades 7 to 12.

Given the ever evolving needs of communities in Tennessee and the likelihood that the BEP funding formula could better account for these needs, **the Commission recommends that a comprehensive review of the components be made by the BEPRC or other designated state and local officials and other stakeholders to ensure that the BEP funding formula supports a commonly accepted basic level of education for Tennessee students.**

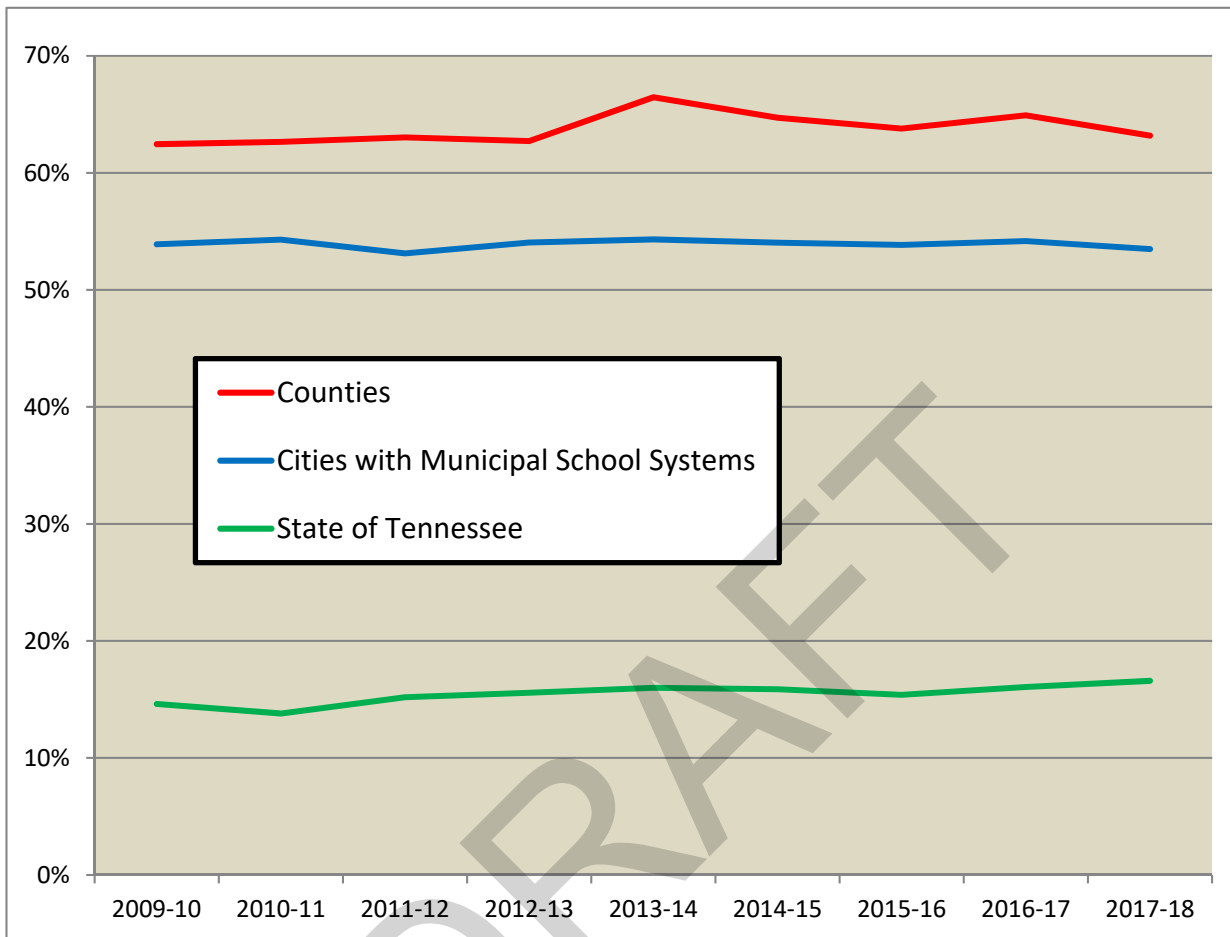
Analysis: K-12 Public Education Funding and Services

Education affects everything from economic development to the health of citizens. Therefore, it is not surprising that K-12 public education consumed 16% of state expenditures in fiscal year 2017-18 and a larger share of local government expenditures—an average of 65% for counties and 54% for those cities with school systems. These percentages have remained stable in recent years, as education expenditures have increased in proportion to total government expenditures (see figure 1 and appendixes A and B).⁹

DRAFT

⁹ TACIR staff calculations based on Tennessee Comptroller of the Treasury Comprehensive Annual Financial Reports. County school system expenditures are included in county total expenditures, and city school system expenditures are included in city total expenditures. Calculations exclude enterprise expenditures such as electric and water utilities.

Figure 1. K-12 Expenditures, Percent of Total Expenditures for Counties, Cities, and the State of Tennessee, Fiscal Years 2009-10 to 2017-18.



Source: TACIR staff calculations based on Tennessee Comptroller of the Treasury Comprehensive Annual Financial Reports, excluding enterprise expenditures such as electric and water utilities.

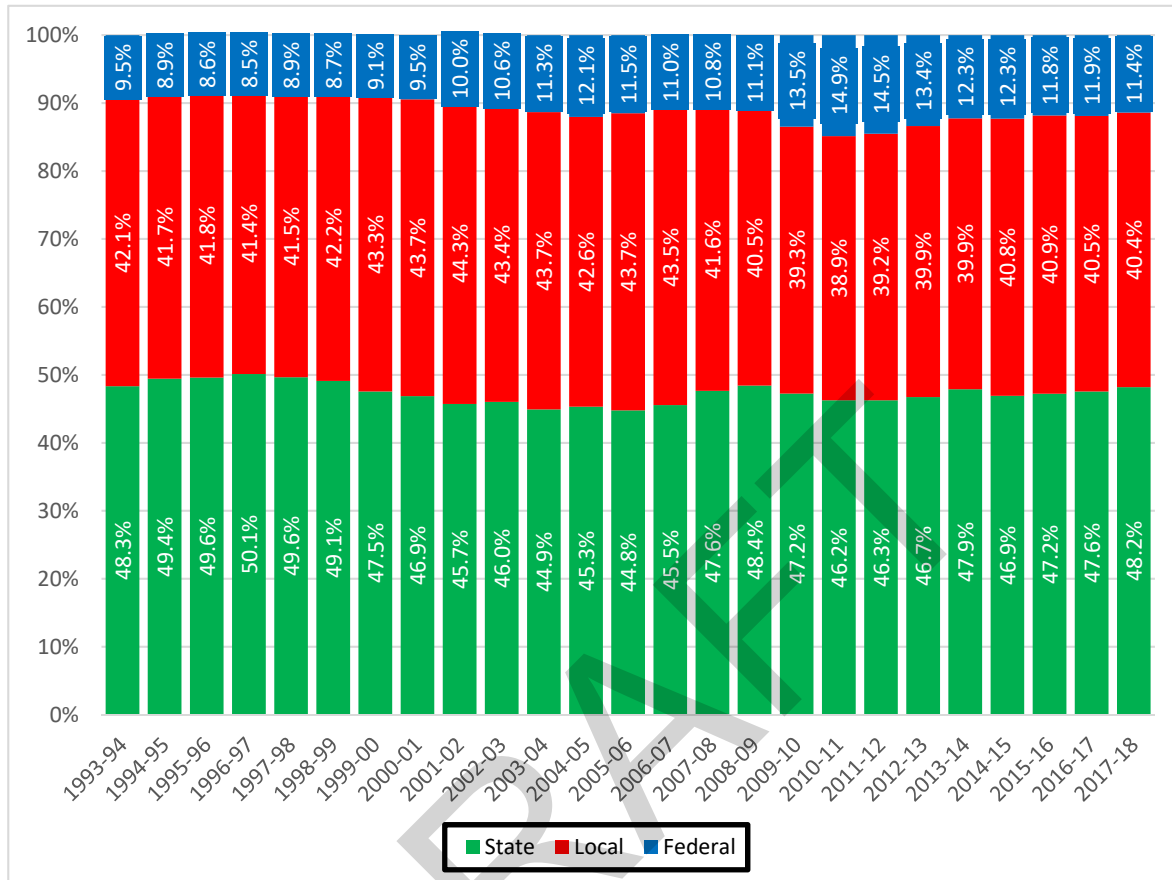
Funding for education expenditures in fiscal year 2017-18 totaled \$10.2 billion,¹⁰ including \$1.2 billion from the federal government, \$4.9 billion from the state, and \$4.1 billion from local governments.¹¹ In the last 25 years, changes in the federal, state, and local percentages of education funding have generally been slight (see figure 2).¹²

¹⁰ Excludes non-revenue receipts, which are receipts from sale of bonds, notes, lease proceeds, insurance recovery, and transfers.

¹¹ Tennessee Department of Education 1992-2018 (2018 Annual Statistical Report).

¹² TACIR staff calculations based on Tennessee Department of Education 1992-2018.

Figure 2. Percentage of Federal, State, and Local K-12 Education Revenue in Tennessee, Fiscal Years 1993-94 to 2017-18.



Source: Tennessee Department of Education Annual Statistical Reports, 1994 to 2018.

Approximately 95% of all state revenue school systems receive is provided through the Basic Education Program (BEP) funding formula, which funds a number of components to provide a basic level of state and required local matching funds for each of Tennessee’s 141 public school systems.¹³ But meeting local education needs and both federal and state education requirements often requires more state and local resources than the BEP formula alone provides. Consequently, state and local funding in fiscal year 2017-18 totaled \$2.1 billion over and above what was required by the BEP formula, including a total of \$1.7 billion in local revenue.¹⁴ Even at that, Tennessee on average spends only 75% of the national average per

¹³ Excludes the Alvin C. York Institute, Tennessee School for the Blind, Tennessee School for the Deaf, and West Tennessee School for the Deaf because they don’t receive local revenue; also excludes the Achievement School District and the State Board of Education School District because they are funded by the school systems from which their students come.

¹⁴ Four county school systems account for half of the \$1.7 billion: Davidson (\$321.3 million), Shelby (\$238.2 million), Williamson (\$193.8 million), and Hamilton (\$92.9 million). See appendix D.

student, and even school systems in counties with the largest tax bases fall below the average of the nation's 10 top-spending states.¹⁵ To better understand why and how these additional funds are spent and where the BEP formula might be improved, the Commission directed staff to produce an interim report on K-12 public education services and funding as part of the Commission's comprehensive study of the duties of cities and counties under state law and the funds the state provides to support them.

State Education Requirements and State and Local Education Funding

Tennessee's constitution, Article II, Section 12, declares both the state's intent and its responsibility for educating children:

The State of Tennessee recognizes the inherent value of education and encourages its support. The General Assembly shall provide for the maintenance, support and eligibility standards of a system of free public schools.¹⁶

To fulfill its constitutional obligations for public education, the General Assembly has passed a host of statutes comprising an entire title of Tennessee Code Annotated. Most significantly, the General Assembly passed the Education Improvement Act (EIA) of 1992, in part, in response to a lawsuit (Small Schools I)¹⁷ by a consortium of small, rural school systems that challenged that the state's then-existing funding formula was inequitable. The EIA replaced both the process-focused regulations and the method for distributing state education funding with a comprehensive program of education, including an outcome-based system of accountability and a new funding formula, the Basic Education Program.¹⁸

State Law and School Systems Requirements

State law and the State Board of Education's rules and regulations provide the minimum standards for the operation of public school systems with which school systems must comply. Since passage of the EIA, the state has delegated considerable authority to operate schools to locally elected school boards while holding them accountable for their success. The State Board of Education, for example, repealed 3,700 rules and regulations, allowing "individual schools to determine everything from how many minutes to teach reading to the appropriate

¹⁵ National Center for Education Statistics 2018 and Tennessee Department of Education 2018.

¹⁶ Constitution of the State of Tennessee, Article II, Section 12. See also TACIR 2015.

¹⁷ Tennessee Small School Systems v. McWherter, 851 S.W.2d 139 (Tenn. 1993).

¹⁸ Public Chapter 535, Acts of 1992, Section 3.

square footage of classrooms.”¹⁹ Currently, among other requirements (see appendix C), school systems must

- have a
 - locally elected school board and
 - director of schools—to manage the day-to-day operations of the system;
- provide school buildings that meet all city, county, and state requirements; and
- employ
 - a principal for each school;
 - enough teachers to satisfy class size requirements—the requirement to hire teachers comes with additional requirements relating to salaries, benefits, planning periods, and professional development; and
 - other support positions, including an attendance supervisor, school counselors, nurses or other health professionals, library staff, and others.

Within these state requirements—and federal requirements, see below—the services each school system provides are driven locally by student needs and community expectations. There is no single blueprint for services that fits every school system and every child.²⁰ For example, the services a school provides for students with special needs are determined in these students’ individualized education programs, which differ for each student and sometimes from year to year.

Examples of services provided by school systems beyond those that are legally required include health and safety services for students. Some systems provide additional health services beyond those required in state law by employing or contracting with health and mental health professionals. Most school systems have school resource officers to help protect students and staff. Additionally, the majority of systems provide transportation services, though not required to by law. When transportation is provided, school systems are required to follow state law and regulations and must hire a transportation supervisor. See appendix C, which includes a list of services school systems are authorized, but not required by state law, to provide.

¹⁹ Lyons et al. 2001.

²⁰ Interview with Tammy Mason, Director of Schools, Arlington Community Schools, on November 20, 2019.

95% of State Education Funding Is Provided Through the Basic Education Program Funding Formula

Much like the state has delegated considerable authority to operate schools to locally elected school boards, the state also granted these school boards considerable flexibility over education spending by combining all previous categorical and formula funding programs into one: the BEP funding formula. As described in the Tennessee Department of Education's BEP Handbook for Computation, the BEP formula

is a cornerstone of the Education Improvement Act of 1992 (EIA). The formula consists of [47] components that have been deemed necessary for a school district to provide a basic level of education. . . . The formula represents a continuing effort to determine the most appropriate levels of funding and the proper components for the BEP.²¹

The state imposes few earmarks on BEP funding other than those necessary to ensure that appropriations to improve teachers' salaries are actually used for that purpose.²² For this reason, the BEP formula is properly characterized as "a funding formula, not a spending plan."²³

The components of the BEP funding formula are described annually in the State Board of Education's publication *Tennessee Basic Education Funding Formula*—known as the board's Blue Book. The Blue Book explains how funding for each component is calculated and includes unit costs used in the formula for the year in which the book is published. The components are grouped into categories for calculating funding for each school system, and state law divides the responsibility for funding each category between state and local governments. The number of categories and the required state and local split for each have varied over time. Currently, there are four categories:

- instructional salary—70% state, 30% local
- instructional benefits—70% state, 30% local
- classroom—75% state, 25% local
- non-classroom—50% state, 50% local

²¹ Tennessee Department of Education 2018.

²² Tennessee Code Annotated, Section 49-3-359(a). Some other examples include education service and personnel requirements in state law that limit how funds calculated for nurses and school counselors may be spent and that require systems to provide each K-12 teacher with \$200 for classroom materials and supplies.

²³ Tennessee Comptroller of the Treasury 2017.

<https://www.comptroller.tn.gov/content/dam/cot/orea/documents/bep/BEPFundingInfographic.pdf>

While these are the percentages applied to total statewide funding for each category, the local portion of the revenues required to fund the formula—known as the required local match—is divided among school systems based on differences in each county’s ability to raise local revenue for education—each county’s fiscal capacity (see figure 3).²⁴ This process is called equalization and is based on models calculated by both the Tennessee Advisory Commission on Intergovernmental Relations and the University of Tennessee’s Center for Business and Economic Research.²⁵ As noted by the Office of Research and Education Accountability in the Office of the Comptroller of the Treasury (OREA), the BEP formula’s use of fiscal capacity “is intended to put all counties on a level playing field, regardless of their size or relative wealth.”²⁶ Because fiscal capacity is calculated at the county level rather than at the system level, funding disparities can and do exist among school systems in counties with more than one school system. Adopting a system level model, either the prototype of model developed by TACIR and Tennessee Comptroller of the Treasury staff in 2004 or one developed by other agencies, could essentially eliminate these disparities. See TACIR’s 2020 report *Effects of Sharing of Revenue among School Systems in Counties with More than One School System*.

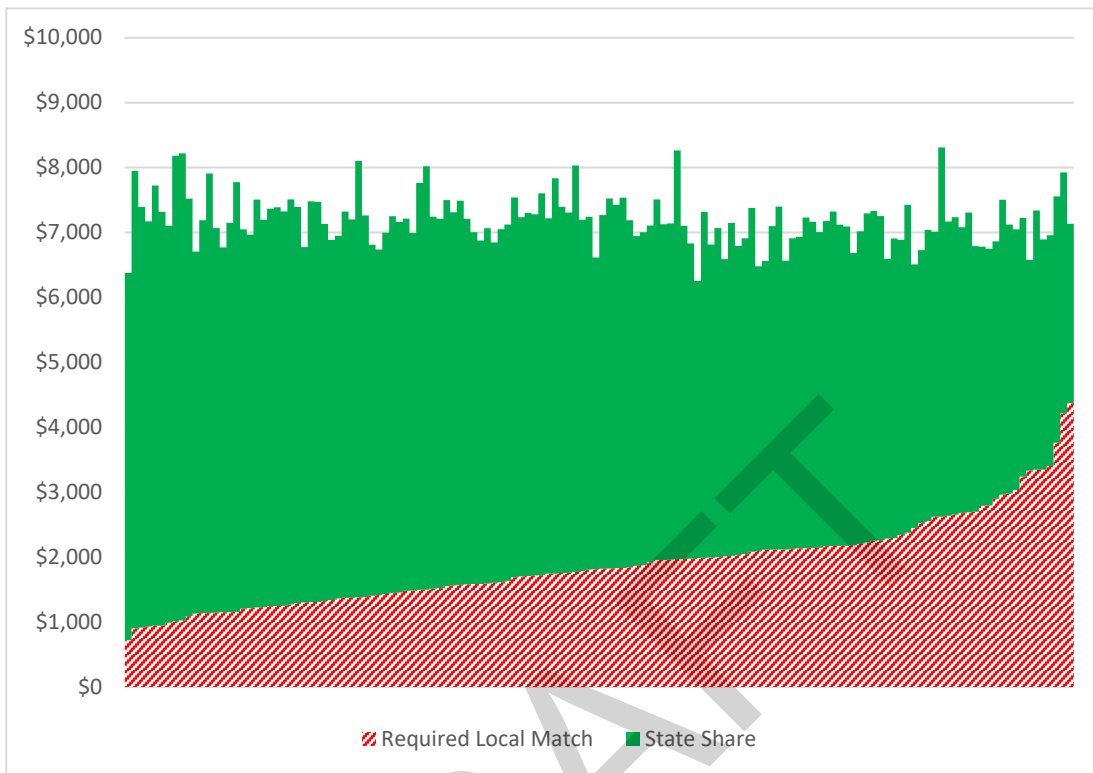
DRAFT

²⁴ Additionally, under state law, no school system may receive less than a 25% state share for the non-classroom category, regardless of their fiscal capacity. See Tennessee Code Annotated, Section 49-3-307(a)(12).

²⁵ Tennessee Code Annotated, Section 49-3-307(a)(10).

²⁶ Tennessee Comptroller of the Treasury Office of Research and Education Accountability 2019.

Figure 3. State Revenue and Required Local Match per Student by School Systems in Tennessee, Fiscal Year 2017-18.



Source: Tennessee Department of Education (2017-18 BEP workbook).

Note: Each column represents a school system’s state share and required local match. School systems are sorted from least required local match (far left) to most (far right).

The state’s share of K-12 education funding calculated through the BEP funding formula was \$4.5 billion (65.5%) in fiscal year 2017-18, and the statewide required local match was \$2.4 billion (34.5%).²⁷ Additionally the state provided \$30.7 million²⁸ in baseline funding for school systems.²⁹ Both the state’s percentage of the total BEP funding and, therefore, the overall local percentage have been very stable from year to year (see table 1).

²⁷ Tennessee Department of Education

²⁸ Tennessee Department of Education 2017 (BEP workbook).

²⁹ Tennessee Code Annotated, Section 49-3-307(a)(1)(A); under this law, “BEP appropriations to [school systems] for the 2015-2016 school year, plus appropriations to [school systems] generated for increases in the dollar value of instructional components based on the 2015-2016 school year shall constitute a minimum level of funding; however, any [school system] on stability funding during the 2015-2016 school year shall have its minimum level of funding adjusted to reflect decreases in enrollment experienced in the 2014-2015 school year; and . . . beginning with the 2017-2018 school year, the minimum level of funding identified . . . shall be adjusted to reflect decreases in enrollment.”

Table 1. Percent of Total BEP Funded by the State and Local School Systems*

School Year	Total BEP	Total State	State Percent of Total	Total Local	Local Percent of Total
2018-19	\$7,137,831,000	\$4,687,753,000	65.67%	\$2,450,078,000	34.33%
2017-18	\$6,887,957,000	\$4,510,944,000	65.49%	\$2,377,013,000	34.51%
2016-17	\$6,653,929,000	\$4,349,973,000	65.37%	\$2,303,956,000	34.63%
2015-16	\$6,375,394,000	\$4,155,111,000	65.17%	\$2,220,283,000	34.83%
2014-15	\$6,163,873,000	\$4,017,219,000	65.17%	\$2,146,654,000	34.83%
2013-14	\$6,102,187,000	\$3,979,409,000	65.21%	\$2,122,778,000	34.79%
2012-13	\$5,854,692,000	\$3,826,174,000	65.35%	\$2,028,518,000	34.65%
2011-12	\$5,695,736,000	\$3,725,690,000	65.41%	\$1,970,046,000	34.59%
2010-11	\$5,633,723,000	\$3,680,524,000	65.33%	\$1,953,199,000	34.67%
2009-10	\$5,435,433,000	\$3,557,605,000	65.45%	\$1,877,828,000	34.55%

*Does not include stability funding.

Source: Tennessee Department of Education (BEP workbooks).

Federal Education Requirements and Funding

Although the responsibility for providing a free system of public education rests with the state and by extension local governments, school systems must comply with federal laws, each with its own set of complex regulations that school administrators must understand to deliver needed services to students and protect their rights and privacy. These include

- the Elementary and Secondary Education Act (reauthorized in 2015 as the Every Student Succeeds Act), which is designed to target resources for school improvements and support initiatives to enhance the learning environment;
- Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, and Title II of the Americans with Disabilities Act, which all relate to discrimination based on protected classes;
- the Family Education Rights and Privacy Act, which protects the privacy of student records; and
- the Individuals with Disabilities Education Act (IDEA), which ensures eligible children with disabilities receive a free appropriate public education and related services.

The federal revenue provided to meet these requirements is often program specific. For example, the state may use up to 10% of the federal funding it is allocated under IDEA to

reimburse school systems for high cost students with disabilities, though all costs might not be reimbursed.³⁰

State, Local, and Federal Education Funding Have Each Increased

In the last 25 years, state, local and federal revenue for education have each increased, even after adjusting for inflation. State revenue increased rapidly during the phase-in of the BEP formula, increasing from \$3,457 per student in fiscal year 1991-92, the last year of the BEP formula's predecessor, the Tennessee Foundation Program, to \$4,736 per student in fiscal year 1997-98, an increase of \$1,279 per student.³¹ More recently, from fiscal year 2013-14 to fiscal year 2017-18, when adjusted for inflation, state revenue per student increased from \$4,767 to \$5,086.³² This resulted from a \$630.9 million increase in state revenue—with the largest increase occurring after enactment of the BEP Enhancement Act of 2016—and a \$554.6 million increase in local revenue.³³ Since fiscal year 2013-14, local revenue per student increased from \$3,968 to \$4,264. Federal revenue peaked at \$1,547 per student in fiscal year 2010-11.³⁴ See figure 4.

³⁰ Telephone interview with Kathi Rowe on December 16, 2019 and Tennessee Department of Education 2016 (High Cost Form). Eligibility for reimbursement is based on the priority level of the student served: priority one is for children placed in Tennessee Department of Education State Special Schools; priority two is for out-of-system children placed by a state agency; priority three is for children placed and served by the school system whose additional cost is greater than three times the state's average per pupil expenditures; and priority four is for children who are the responsibility of the school system whose additional cost is 250% greater than the total funds to be deducted on a specific student.

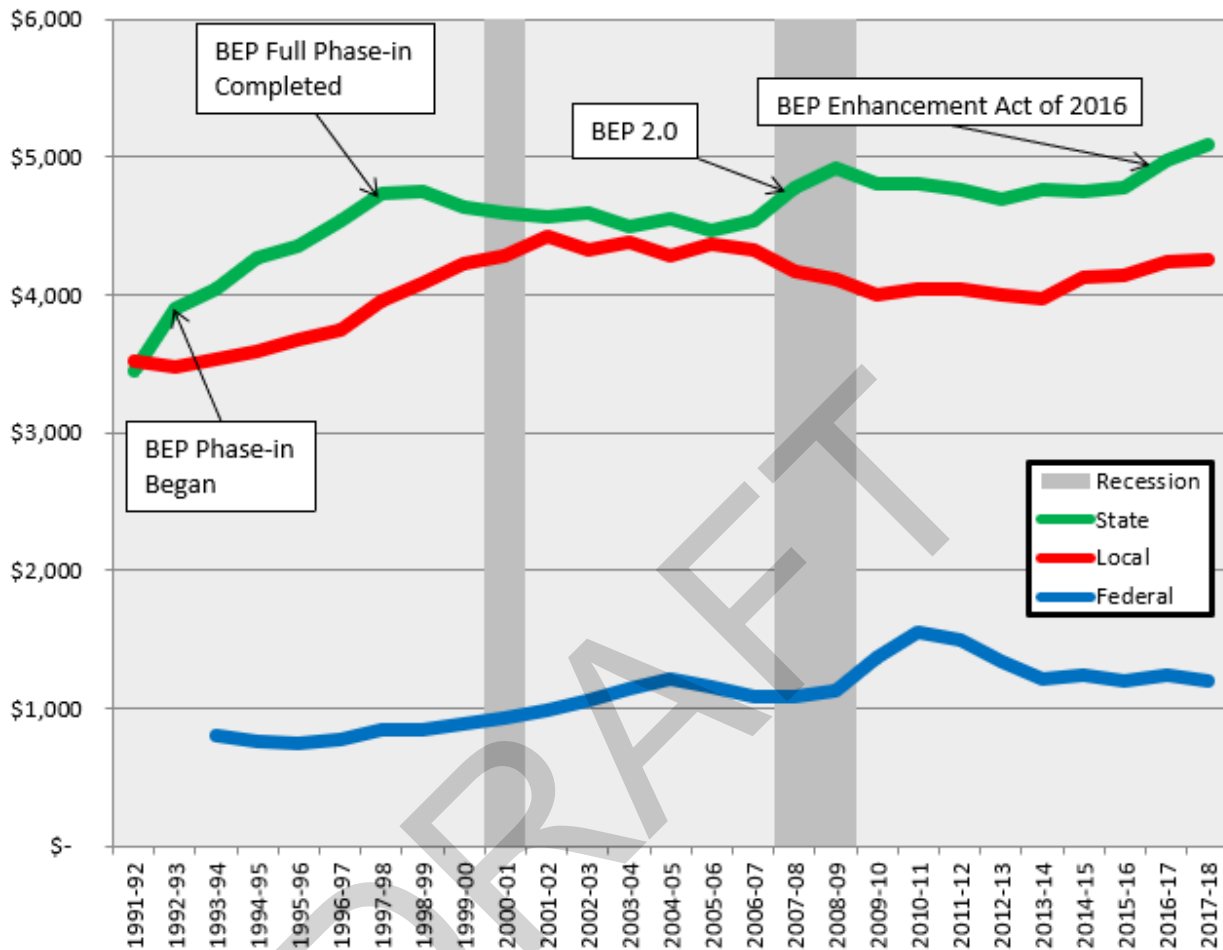
³¹ TACIR staff calculations based on Tennessee Department of Education 1992-2018 and US Bureau of Economic Analysis 2019.

³² Ibid.

³³ TACIR staff calculations based on Tennessee Department of Education 1992-2018 and US Bureau of Economic Analysis 2019. See also Tennessee Comptroller of the Treasury Office of Research and Education Accountability 2016.

³⁴ Ibid.

Figure 4. Inflation-Adjusted Federal, State, and Local K-12 Revenue per Student, Fiscal Years 1991-92 to 2017-18.



Source: Tennessee Department of Education Annual Statistical Reports, 1992 to 2018.

Note: Federal dollars include funding from the American Recovery and Reinvestment Act of 2009.

According to OREA, “the [BEP] formula and the resulting increase in funding improved education finance equity among Tennessee school systems.”³⁵ Because of significant increases in state revenue,³⁶ and the state’s use of fiscal capacity calculations to equalize revenue, spending equity improved as the BEP funding formula was phased in (fiscal years 1992-93 to 1997-98) and continued to improve through full funding.³⁷ For more on spending equity, see Roerich-Patrick et al. 2016—*Education Spending Equity Improvements Level Out—Fifteen Years After Fully Funding the BEP Formula*.

³⁵ Tennessee Comptroller of the Treasury Office of Research and Education Accountability 2003.

³⁶ State revenue for public schools increased \$1.6 billion from fiscal year 1992-93 to fiscal year 2017-18.

³⁷ Roerich-Patrick et al. 2016.

Both state and local funding for K-12 education exceed what the BEP funding formula calculates.

In fiscal year 2017-18, total K-12 education funding calculated through the BEP formula, excluding base-level funding for school systems,³⁸ was \$6.9 billion. Of this total, the state's share was \$4.5 billion, and the statewide required local match was \$2.4 billion.³⁹ While the BEP funding formula establishes the minimum state and local contributions to K-12 education, meeting local needs and the requirements imposed by the state and federal governments often requires more resources than the BEP funding formula alone provides.

Consequently, state and local funding in fiscal year 2017-18 totaled \$2.1 billion over and above what was required by the BEP formula, including a total of \$1.7 billion in local revenue (see appendix D).⁴⁰ Actual local revenue for some school systems is approximately equal to the BEP formula required local match, while other school systems contribute more than three times their local match. Counties that exceed their required local match tend to have more property and sales tax base per student than counties that don't.⁴¹ Moreover, counties with less fiscal capacity may not be able to exceed their local match requirement by a significant amount, even with relatively high tax rates.

State Funding in Addition to the BEP Formula

State funding provided outside the BEP formula has included money for fast-growing school systems and money for salary equity (\$18 million⁴² and \$14.5 million⁴³ respectively in fiscal year 2017-18). Other examples include \$51 million to help school systems acquire needed infrastructure to meet new online testing requirements in fiscal year 2013-14 and revenue used to fund services such as early childhood education, career and technical education, and special projects and programs to enhance educational opportunities. The state also awards

³⁸ Tennessee Code Annotated, Section 49-3-307(a)(1)(A)(i).

³⁹ Tennessee Department of Education 2017 (BEP workbook).

⁴⁰ Four county school systems account for half of the \$1.7 billion: Davidson (\$321.3 million), Shelby (\$238.2 million), Williamson (\$193.8 million), and Hamilton (\$92.9 million). See appendix D.

⁴¹ Correlation coefficients measure the strength of the relationship between two sets of numbers. The strength is reported as a range from zero to one. The coefficient will be positive if one set of numbers increases as the other increases or decreases as the other decreases; it will be negative if one increases and the other decreases. For fiscal year 2017-18, the correlation between local revenue beyond local match per student and sales tax base per student was 61%. For property tax base per student, it was 48%.

⁴² Tennessee Department of Finance and Administration 2017 (The Budget of the State of Tennessee, Fiscal Year 2017-18). <https://www.tn.gov/content/dam/tn/finance/budget/documents/2018BudgetDocumentVol1.pdf>

⁴³ Tennessee Comptroller of the Treasury Office of Research and Education Accountability 2019 (Teacher Salaries).

grant funding to school systems that did not have a full-time school resource officer during the 2018-19 school year and awards other grants to improve school safety. Some additional state funds, though outside the BEP formula, utilize each county's share of statewide fiscal capacity to equalize funding.

Local Funding in Addition to the BEP Formula

Local revenue beyond the required local BEP match includes matching funds for federal and other state programs, as well as funding for locally identified education needs and community expectations. Examples of local needs and expectations include academic enrichment, such as field trips, and extracurricular activities, like athletics, band, and academic teams.⁴⁴

While data availability and other factors make dollar-to-dollar comparisons difficult, comparisons of BEP-funded to actual positions show that school systems often need to hire more staff than provided for by the formula; this requires additional revenue. A prominent example is teachers—instruction expenses comprise half of expenditures of public K-12 school systems in Tennessee (see figure 5).⁴⁵ In fiscal year 2018-19, the BEP funding formula generated a total of 62,888 licensed instructional positions,⁴⁶ but school systems employed a total of 69,633 with state and local revenue.⁴⁷ Another 2,420 positions were funded with federal revenue—for example Title I. According to calculations by the Tennessee Department of Education, it would have cost the state \$416.1 million in 2018-19 to fund licensed instructional positions that school systems employ beyond what the BEP generates (see table 2). To avoid incentivizing uneconomically small schools, BEP-generated positions are calculated at the school-system level, not at the school building level, using class-size requirements set in state law; however, school systems must meet those requirements at the school-building level. As a result, many school systems have to hire more teachers to meet class-size requirements. Additionally, some school systems hire more teachers to meet local community expectations for smaller class sizes.

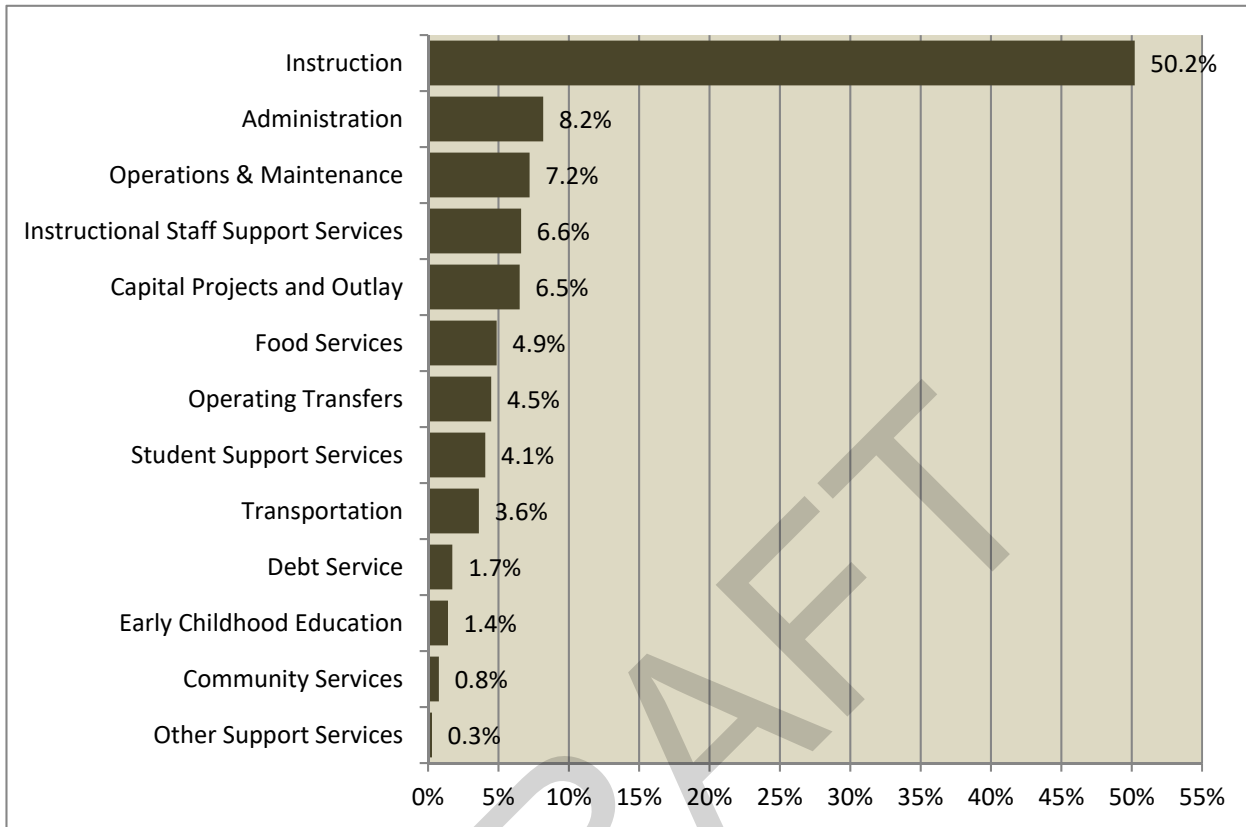
⁴⁴ Tennessee Organization of School Superintendents (TOSS) survey of Directors of Schools on May 10, 2019.

⁴⁵ Some of the instructional positions above those generated by the BEP funding formula are funded by federal revenue—for example Title I.

⁴⁶ Email from Brad Davis, Regional Fiscal Consultant, Tennessee Department of Education, on December 5, 2019.

⁴⁷ Tennessee Department of Education 2018 (Annual Statistical Report).

Figure 5. Percentage of Total Expenditures of School Systems in Tennessee, Fiscal Year 2017-18.



Source: Tennessee Department of Education, 2018 Annual Statistical Report.

Table 2. Employed Licensed Positions and BEP Funded Positions, Fiscal Year 2018-19.

Positions	Federally Funded	State and locally funded				State Cost to Fund Positive Differences
	Employed	Employed	BEP funded	Difference	Difference (%)	
Principals	17.1	1,679.24	1,557.00	122.24	7.9%	\$5,367,524
Assistant Principals	32.5	1,907.89	663.15	1,244.74	187.7%	54,655,507
Supervisors of Instruction	210.7	681.01	1,084.79	(403.78)	-37.2%	
Special Ed. Supervisors	10.8	121.83	241.94	(120.11)	-49.6%	
Vocational Supervisors	3.0	63.60	40.88	22.72	55.6%	997,554

	Federally Funded	State and locally funded				
Positions	Employed	Employed	BEP funded	Difference	Difference (%)	State Cost to Fund Positive Differences
Psychologists	109.9	400.27	380.39	19.89	5.2%	873,227
Social Workers	29.1	211.50	470.00	(258.51)	-55.0%	
Response to Intervention	338.3	622.80	366.49	256.31	69.9%	11,254,348
Special Ed. Assessment	163.1	1,121.17	302.39	818.78	270.8%	35,952,017
Librarians	3.8	1,522.16	1,687.01	(164.86)	-9.8%	
Guidance Counselors	46.1	2,361.77	2,146.88	214.89	10.0%	9,435,635
ESL Teachers and Translators	18.0	1,452.29	3,135.61	(1,683.31)	-53.7%	
Elementary Music	13.7	1,159.73	957.47	202.26	21.1%	8,881,258
Elementary Art	5.9	856.56	957.47	(100.91)	-10.5%	
Elementary PE	11.3	2,259.57	1,568.67	690.90	44.0%	30,337,086
K-3 Teachers	355.6	15,223.98	14,170.82	1,053.16	7.4%	46,243,484
Grade 4 Teachers	85.6	3,477.68	2,988.20	489.49	16.4%	21,493,088
Grades 5-6 Teachers	145.2	6,709.07	5,781.94	927.13	16.0%	40,709,781
Grades 7-8 Teachers	147.6	5,777.98	5,431.68	346.30	6.4%	15,205,820
Grades 9-12 Teachers	275.5	12,604.58	10,218.90	2,385.68	23.3%	104,753,729
Vocational Teachers	27.6	2,755.27	2,452.80	302.47	12.3%	13,281,319
Special Ed. Teachers	369.8	6,662.66	6,283.44	379.22	6.0%	16,651,239
Total Instructional	2,420.11	69,632.60	62,887.90	6,744.70	10.7%	\$416,092,616

Source: Tennessee Department of Education.

Another area where school systems use additional local revenue is school health services. School systems are required to employ or contract for public-school nurses or make

alternative arrangements to meet the health needs of their students.⁴⁸ Statewide in fiscal year 2017-18, the BEP funding formula generated 354 nurse positions,⁴⁹ but school systems employed 1,394 nurses.⁵⁰ The formula provides funding for one nurse for every 3,000 students, with a minimum of one nurse for each school system.⁵¹ This ratio is in state law, unchanged since the Education Improvement Act was enacted in 1992 (see table 3).⁵²

For other components, the number of positions calculated through the BEP funding formula is closer to or even more than the actual number of positions reported by school systems (although the numbers calculated versus actually employed varies by system). For instance, the formula generated 1,779 librarian positions and 487 library educational assistants in fiscal year 2017-18, while school systems employed 1,567 librarians and 397 library educational assistants (see table 3).⁵³

Table 3. Comparison of BEP Generated Positions and Positions Employed by School Systems, Fiscal Year 2017-18.

School System Personnel	BEP Generated Positions*	BEP Unit Cost	Department of Education Annual Statistical Report (ASR) Reported Positions	Average Salary ASR
Assistant principal	662	\$46,225 salary for instructional personnel	1,947	not available
Custodians	4,834	\$24,800 salary	3,987	not available
Director of schools	95	\$110,700 salary	132	\$121,507

⁴⁸ Tennessee Code Annotated, Section 49-3-359(c)(1).

⁴⁹ Tennessee Department of Education 2017 (BEP workbook).

⁵⁰ Tennessee Department of Education, 2018 Annual Statistical Report.

⁵¹ Tennessee State Board of Education 2019 (BEP Bluebook).

⁵² Tennessee Code Annotated, Section 49-3-359(c)(1) and Public Chapter 535, Acts of 1992, Section 3.

⁵³ Tennessee Department of Education. (2018 ASR and BEP workbook).

School System Personnel	BEP Generated Positions*	BEP Unit Cost	Department of Education Annual Statistical Report (ASR) Reported Positions	Average Salary ASR
Food service	no specific component	not applicable	9,506	not available
Instructional personnel	65,554	\$46,225 salary for instructional personnel	76,967	\$53,654
Library staff	2,266 (librarians and assistants)	\$46,225 salary for instructional personnel	1,964 (librarians and assistants)	not available
Nurses	354	\$46,225 salary for instructional personnel	1,394	not available
Principal	1,650	\$46,225 salary for instructional personnel	1,767	\$88,338
Psychologists	396	\$46,225 salary for instructional personnel	514	not available
School counselors (previously called guidance counselors in the BEP)	2,264	\$46,225 salary for instructional personnel	2,374	not available
School facilities	capital outlay component calculates funding for positions but does not generate a specific number of positions	not applicable	1,886 maintenance and 144 operations positions (other than custodians)	not available

School System Personnel	BEP Generated Positions*	BEP Unit Cost	Department of Education Annual Statistical Report (ASR) Reported Positions	Average Salary ASR
School safety	no specific component	not applicable	786	not available
School secretary	2,677	\$32,400 salary	6,284	not available
System secretary	1,118	\$41,400 salary	2,021	not available
Technology coordinator	293	\$46,225 salary for instructional personnel	not available	not available
Transportation	transportation component calculates funding for positions but does not generate a specific number of positions	not applicable	6,334	not available

*Federal, state, and local funds provide for additional positions outside the BEP formula.

Source: Tennessee Department of Education, Annual Statistical Reports, 2018, and Basic Education Program workbook, Fiscal Year 2017-18.

Citing similar examples during a panel discussion at the May 2019 commission meeting, several stakeholders expressed concern about the level of funding provided through the BEP formula. Commission members emphasized that funding education is a partnership between state and local governments, with the BEP formula funding the minimum level of education for every child in the state. As noted above, both state and local funding have increased significantly since fiscal year 1991-92—including increases of \$630.9 million in state funding and \$554.6 million in local funding respectively since fiscal year 2013-14. Moreover, as education needs and requirements have changed, some components have been added to the

BEP funding formula, while other components have been enhanced. For example, teachers and translators for English Learners were added to the BEP formula beginning in 2001-02.⁵⁴

Defining a Basic Education

The state's education statutes that establish the requirements and goals of a public education don't explicitly define "the minimum state responsibility or the meaning of 'basic' in the Basic Education Program."⁵⁵ The meaning of the word "basic" for purposes of the BEP is not defined in law but rather through a robust stakeholder-driven process laid out by the Education Improvement Act (EIA) of 1992.

The General Assembly established the Basic Education Program Review Committee (BEPRC), a body of state and local officials and stakeholders, in 1992 to make recommendations "on needed revisions, additions, and deletions to the formula."⁵⁶ The BEPRC is required to meet at least four times each year and, since 2004, has been required to report any recommended changes to the BEP formula to the General Assembly annually.⁵⁷ The process for reviewing and implementing recommendations of the BEPRC is shown in figure 6.⁵⁸

Figure 6. Process for Reviewing and Implementing Recommendations of the BEPRC



Source: The following recommendation pathway is adapted from the BEPRC's 2016 annual report.

The addition of the Response to Instruction and Intervention (RTI²) component in 2018 is an example of a component being added to the BEP formula using the process outlined above. According to the Tennessee Department of Education, RTI² is a framework for teaching and learning "aimed at better supporting students' individual learning needs."⁵⁹ Although RTI²

⁵⁴ Senate Resolution 75 by McNally and House Resolution 83 by Winningham (2001).

⁵⁵ Tennessee Comptroller of the Treasury Office of Research and Education Accountability 2003.

⁵⁶ Tennessee Code Annotated, Section 49-1-302(a)(4)(B).

⁵⁷ Tennessee Code Annotated, Section 49-1-302(a)(4)(B); and Public Chapter 670, Acts of 2004.

⁵⁸ The Basic Education Program Review Committee 2016 Annual Report included "Governor signs into law" as the last step in the process, but resolutions are not signed by the Governor.

⁵⁹ Tennessee Department of Education 2018—Assessing Progress: Four Years of Learning from RTI² Implementation in Tennessee.

became a state requirement for school systems in the 2014-15 school year, no state revenue was explicitly provided for it. In its 2017 report, the BEP Review Committee said “stakeholders have reported to BEP Review Committee members that full implementation of all elements in the RTI² framework is currently exceeding the capacity of schools and districts. At present, there is no allocated funding inside or outside the BEP formula specifically for RTI² positions.” The BEPRC recommended that the state fund RTI² positions through the BEP at a ratio of one position per 1,000 students and at an estimated cost to the state of \$35.1 million. Following enactment of Senate Resolution 158 and House Resolution 192 in 2018, an RTI² component was added to the BEP for fiscal year 2018-19, calculating one position for every 2,750 students, with a minimum of one position per school system,⁶⁰ at an estimated cost to the state of \$13.3 million.⁶¹ But in fiscal year 2018-19, school systems employed 622.80 response to intervention positions while the BEP generated 366.49, and it would take \$11.3 million to fund this difference.⁶²

Some of the BEPRC’s recommendations have been taken up directly by the General Assembly. Beginning in 2011, the BEPRC identified the need for the state to move to funding 12 months of insurance, instead of 10 months, within the BEP formula.⁶³ The 2015-16 budget presented by Governor Haslam and passed by the General Assembly, funded one additional month of insurance in the BEP formula. The next year, and every year thereafter, the formula funded 12 months of insurance.⁶⁴

While many of the BEPRC’s recommendations have been implemented, others have not. Examples of those that have not include:

- increasing the state-share of instructional salaries to 75%;
- lowering ratios to generate more positions for nurses, technology coordinators, and school counselors;
- adding a component for professional development for teachers; and
- reducing class-size ratios for grades 7 to 12.

For recommendations of the BEPRC that were recommended more than once, see appendix E.

⁶⁰ Tennessee Department of Education (2018-19 BEP workbook).

⁶¹ Basic Education Program Review Committee (2018 Annual Report).

⁶² Tennessee Department of Education 2019. See table 2.

⁶³ Basic Education Program Review Committee (2011 Annual Report).

⁶⁴ Basic Education Program Review Committee (2016 Annual Report). See also Tennessee Code Annotated, Section 49-3-307(a)(5).

School Systems Serving Out-of-District Students

At the September 2019 meeting, commission members also requested information about school systems serving out-of-district or out-of-county students. Tennessee permits school systems to determine their own policy for admitting students that reside outside of the school system's geographical boundaries, and tuition payments from these students can be another source of revenue for school systems. Commission staff surveyed all 141 school systems in Tennessee regarding their policies for admitting out-of-district students. Of the 57 school systems that responded to the survey, nearly all (54) allow at least some students who reside outside of the school system to attend their schools. Of these 54 school systems, 37 (68.5%) do not charge any students tuition, 10 (18.5%) charge some students tuition but not others, and 6 (11.1%) charge tuition to all students who reside outside the school system.⁶⁵ Of the 304,896 students represented by the survey, 11,462 (3.8%) reside outside the school system they attend, and 1,466 (12.8%) of these pay tuition. Please see appendix F for a summary of the survey results.

DRAFT

⁶⁵ Numbers do not add to 100% because of rounding.

References

- Basic Education Program Review Committee. 2004-18. "Annual Report."
<https://www.tn.gov/sbe/committees-and-initiatives/the-basic-education-program/past-bep-reports.html>
- Fox, William F. 2008. "Selected Fiscal Issues in the BEP 2.0."
<http://cber.haslam.utk.edu/pubs/bfox2551.pdf>
- Green, Harry A., Lynnise Roerich-Patrick, Teresa Gibson. 2004. "A Users' Guide to Fiscal Capacity in the Basic Education Program."
https://www.tn.gov/content/dam/tn/tacir/documents/Users_Guide_to_Fiscal_Capacity.pdf
- Lyons, William, John M. Scheb, and Billy Stair. 2001. "Government and Politics in Tennessee."
- National Center for Education Statistics. 2018. "Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2015-16 (Fiscal Year 2016)."
<https://nces.ed.gov/pubs2019/2019301.pdf>
- Roerich-Patrick, Lynnise, Michael Mount, Bob Moreo, Melissa Brown, and Teresa Gibson. 2016. Education Spending Equity Improvements Level Out: Fifteen Years After Fully Funding the BEP Formula. Tennessee Advisory Commission on Intergovernmental Relations.
<https://www.tn.gov/content/dam/tn/tacir/documents/2016EducationSpendingEquity.pdf>
- Tennessee Advisory Commission on Intergovernmental Relations. 2020. "Effects of Sharing of Revenue among School Systems in Counties with More than One School System."
- . 2015. "Tennessee School System Budgets: Authority and Accountability for Funding Education and Operating Schools."
<https://www.tn.gov/content/dam/tn/tacir/documents/2015TNSchoolSystemBudgets.pdf>
- . 2017. "Basic Education Program: A Funding Formula, Not a Spending Plan."
<https://www.comptroller.tn.gov/content/dam/cot/orea/documents/bep/BEPFundingInfographic.pdf>
- Tennessee Comptroller of the Treasury Office of Research and Education Accountability
2016. "Understanding the Governor's Proposed Changes to the BEP Funding

Formula and its Impact on the 2016-17 Budget Request.”

https://comptroller.tn.gov/content/dam/cot/orea/documents/orea-reports-2016/2016_OREA_BEPOandA.pdf

Tennessee Department of Education. 1992-2018. “Annual Statistical Report of the Department of Education.” <https://www.tn.gov/education/data/department-reports.html>.

———. 1998-2018. Basic Education Program workbook.

———. 2018. “Tennessee Basic Education Program Handbook for Computation.” <https://www.tn.gov/content/dam/tn/stateboardofeducation/documents/bepcommitteactivities/2019-bep/BEPHandbook%20revised%20September%202018.pdf>

Tennessee State Board of Education. “2018-2019 BEP Blue Book.” Tennessee Basic Education Program – BEP.

<https://www.tn.gov/content/dam/tn/stateboardofeducation/documents/bepcommitteactivities/2018-bep/BEP%20Blue%20Book%20FY19%20FINAL%20revised.pdf>

US Bureau of Economic Analysis. “Government consumption expenditures and gross investment: State and local (implicit price deflator).”

<https://fred.stlouisfed.org/series/A829RD3A086NBEA> (Accessed on December 27, 2019).

US Department of Education National Center for Education Statistics. 2019. “National Public Education Survey (State Fiscal).

<https://nces.ed.gov/ccd/elsi/tableGenerator.aspx> (Accessed on May 15, 2019)

US Department of Education, National Center for Education Statistics. 2019. “Local Education Agency (School District) Universe Survey” and “School District Finance Survey (F-33).” 2015-16 Common Core Data. <https://nces.ed.gov/ccd/ccddata.asp>.

**Appendix A. County Education Expenditures, Percent of County
Total Expenditures, Fiscal Years 2007-08 to 2017-18.**

County	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Anderson	66.3%	66.0%	68.7%	67.8%	71.3%	66.9%	69.9%	66.3%	66.7%	65.1%	63.1%
Bedford	66.5%	72.1%	75.3%	75.3%	75.9%	74.6%	75.9%	74.0%	73.6%	72.3%	73.4%
Benton	66.4%	66.0%	65.0%	66.4%	64.2%	64.2%	64.6%	63.3%	62.2%	63.7%	60.7%
Bledsoe	72.3%	75.4%	71.3%	69.8%	71.6%	68.0%	66.1%	65.3%	66.1%	65.0%	65.3%
Blount	44.8%	21.6%	18.9%	26.6%	17.4%	17.1%	18.9%	19.7%	19.6%	17.4%	17.1%
Bradley	55.6%	55.9%	66.8%	62.1%	60.6%	62.7%	60.1%	62.2%	60.3%	67.4%	57.2%
Campbell	73.4%	66.6%	67.4%	67.2%	66.1%	66.7%	65.4%	63.0%	62.9%	62.0%	63.6%
Cannon	65.6%	67.7%	67.8%	67.0%	64.5%	66.8%	65.0%	63.8%	63.9%	64.6%	63.4%
Carroll	7.4%	6.8%	7.1%	6.9%	7.3%	7.4%	7.1%	6.9%	6.7%	7.1%	7.4%
Carter	74.9%	75.2%	76.7%	74.8%	71.9%	70.4%	71.1%	71.1%	68.9%	69.5%	68.7%
Cheatham	74.7%	75.5%	72.7%	75.0%	74.4%	72.5%	71.8%	72.4%	72.8%	72.5%	72.9%
Chester	72.1%	63.3%	69.9%	67.1%	68.7%	69.7%	69.2%	68.2%	65.7%	69.8%	69.3%
Claiborne	85.3%	68.3%	72.9%	72.2%	71.4%	73.5%	70.8%	69.6%	68.8%	69.7%	68.5%
Clay	65.9%	63.4%	64.0%	64.8%	62.1%	62.8%	59.5%	60.4%	59.2%	55.4%	57.9%
Cocke	68.3%	69.8%	70.8%	71.8%	70.3%	69.1%	69.3%	68.6%	68.4%	67.8%	67.5%
Coffee	62.0%	62.4%	67.7%	61.6%	62.3%	63.0%	72.3%	61.0%	60.9%	60.3%	56.7%
Crockett	60.7%	60.6%	61.6%	61.6%	66.3%	62.3%	63.0%	64.4%	61.4%	62.3%	63.9%
Cumberland	67.8%	67.8%	66.9%	71.0%	66.9%	66.5%	66.7%	65.8%	62.5%	65.8%	67.8%
Davidson	40.8%	41.0%	40.6%	40.9%	41.1%	40.6%	40.7%	39.5%	40.0%	40.6%	40.9%
Decatur	64.0%	65.1%	64.8%	65.8%	63.8%	64.1%	61.6%	59.6%	57.9%	59.5%	58.9%
DeKalb	71.9%	71.7%	69.9%	71.3%	71.3%	73.4%	72.0%	70.3%	69.8%	69.8%	64.6%
Dickson	69.3%	69.0%	68.1%	68.7%	65.2%	69.6%	69.7%	66.6%	67.0%	70.1%	68.5%
Dyer	63.1%	64.1%	52.9%	70.9%	64.1%	66.7%	66.2%	64.2%	63.4%	66.1%	65.2%
Fayette	63.7%	61.8%	60.0%	61.2%	59.9%	59.2%	63.1%	59.3%	56.8%	55.5%	52.9%
Fentress	67.0%	65.7%	67.0%	67.1%	67.1%	60.7%	62.4%	57.1%	59.1%	57.6%	58.0%
Franklin	71.0%	71.9%	72.1%	70.7%	70.8%	70.2%	70.2%	68.9%	68.4%	69.8%	67.7%
Gibson											
Giles	69.0%	68.0%	69.1%	67.7%	66.4%	63.1%	65.2%	65.3%	65.9%	67.0%	63.9%
Grainger	68.2%	69.9%	70.3%	70.4%	71.1%	71.6%	72.2%	71.1%	70.9%	70.7%	69.2%
Greene	64.6%	62.5%	63.5%	64.0%	63.5%	61.9%	61.1%	63.5%	64.1%	64.1%	62.2%
Grundy	77.4%	75.0%	75.6%	73.2%	75.0%	73.2%	71.7%	72.0%	70.8%	71.9%	68.0%
Hamblen	77.0%	76.9%	76.7%	81.9%	77.7%	78.7%	78.6%	78.1%	77.0%	78.3%	77.6%
Hamilton	66.2%	68.6%	65.3%	63.4%	65.1%	64.5%	66.8%	67.8%	66.8%	70.1%	66.8%
Hancock	54.4%	57.0%	57.3%	60.0%	57.4%	54.4%	57.8%	56.4%	59.4%	58.5%	56.0%
Hardeman	75.2%	74.6%	73.0%	71.3%	72.6%	71.2%	70.9%	71.0%	70.5%	70.8%	70.0%
Hardin	68.2%	67.3%	80.5%	66.6%	64.7%	65.4%	66.0%	63.5%	62.4%	64.0%	63.2%
Hawkins	77.4%	77.3%	78.2%	74.6%	75.4%	72.8%	71.1%	70.3%	70.0%	70.8%	69.2%
Haywood	64.6%	63.1%	64.3%	64.3%	67.3%	65.6%	64.6%	63.1%	63.6%	65.2%	66.0%
Henderson	72.1%	73.8%	74.4%	71.8%	71.7%	71.7%	74.6%	69.2%	69.3%	70.3%	69.9%

County	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Henry	64.7%	62.8%	64.1%	62.0%	63.4%	64.4%	63.7%	63.4%	63.1%	64.6%	69.1%
Hickman	70.6%	70.2%	70.0%	64.9%	68.7%	72.7%	69.0%	70.6%	67.2%	67.3%	65.7%
Houston	63.9%	63.3%	62.5%	67.9%	64.2%	62.4%	65.2%	60.8%	59.9%	60.8%	62.0%
Humphreys	68.9%	66.6%	66.4%	68.6%	67.2%	64.6%	65.7%	63.4%	65.9%	66.8%	63.6%
Jackson	68.0%	63.2%	66.6%	59.4%	58.0%	61.4%	63.3%	61.9%	62.5%	61.0%	60.7%
Jefferson	61.5%	65.8%	66.5%	74.3%	67.6%	72.1%	65.8%	68.6%	65.0%	65.9%	65.4%
Johnson	67.3%	68.5%	68.3%	69.5%	68.8%	67.8%	68.8%	69.5%	70.3%	73.1%	68.0%
Knox	59.4%	64.4%	65.9%	66.8%	66.7%	68.1%	69.0%	66.3%	64.8%	67.5%	64.2%
Lake	60.6%	63.6%	64.1%	63.6%	57.2%	62.9%	63.7%	62.1%	61.5%	61.8%	59.6%
Lauderdale	73.4%	74.7%	74.1%	74.7%	73.4%	73.1%	73.8%	72.0%	72.9%	72.3%	74.0%
Lawrence	69.0%	68.6%	70.2%	69.3%	69.3%	69.9%	70.0%	69.6%	68.4%	69.2%	69.3%
Lewis	65.3%	66.3%	65.5%	64.8%	65.4%	66.3%	67.2%	67.2%	65.2%	65.8%	66.7%
Lincoln	67.5%	65.8%	69.1%	67.1%	67.7%	68.5%	67.5%	66.6%	65.7%	64.3%	65.4%
Loudon	68.3%	67.5%	67.3%	66.8%	67.2%	76.3%	63.0%	68.2%	62.2%	63.2%	63.2%
McMinn	70.0%	70.6%	70.9%	69.1%	67.5%	68.9%	68.4%	67.4%	67.9%	69.0%	68.9%
McNairy	78.1%	77.2%	79.3%	78.5%	80.7%	77.2%	78.5%	75.5%	77.9%	76.7%	75.2%
Macon	67.7%	70.9%	64.3%	68.4%	71.4%	70.6%	68.5%	67.1%	71.9%	72.1%	71.0%
Madison	69.5%	69.5%	72.5%	70.8%	69.6%	70.2%	69.7%	67.9%	66.8%	66.8%	68.0%
Marion	69.4%	71.8%	72.6%	73.4%	73.2%	73.1%	72.9%	74.6%	70.9%	71.3%	68.8%
Marshall	71.8%	69.6%	68.1%	73.6%	75.7%	72.8%	74.6%	77.6%	71.3%	71.1%	70.1%
Mauzy	76.7%	73.9%	73.5%	74.7%	74.8%	74.1%	77.6%	81.2%	75.2%	77.5%	80.6%
Meigs	78.9%	67.9%	67.7%	68.3%	69.9%	69.2%	67.6%	68.2%	67.7%	66.8%	66.0%
Monroe	66.0%	62.0%	61.6%	62.8%	67.7%	62.0%	62.1%	59.5%	60.2%	60.4%	60.3%
Montgomery	77.9%	73.9%	77.8%	76.1%	77.9%	76.8%	76.4%	75.6%	76.6%	75.1%	76.5%
Moore	69.1%	70.0%	69.6%	62.1%	63.3%	65.6%	57.4%	61.8%	62.0%	60.3%	57.8%
Morgan	68.3%	72.0%	69.1%	74.8%	69.1%	70.8%	70.0%	70.9%	67.7%	68.4%	67.8%
Obion	71.2%	71.1%	70.1%	71.6%	71.0%	71.8%	69.1%	71.6%	68.3%	70.5%	67.5%
Overton	66.1%	69.9%	68.0%	70.9%	69.3%	68.3%	68.2%	63.8%	65.6%	66.0%	64.5%
Perry	60.6%	62.3%	59.8%	58.6%	58.3%	61.6%	55.6%	57.3%	57.0%	57.1%	57.5%
Pickett	58.9%	54.5%	58.2%	51.1%	56.0%	54.9%	56.8%	55.4%	51.8%	48.4%	46.0%
Polk	65.6%	66.2%	66.7%	67.0%	67.2%	67.7%	65.1%	66.1%	63.7%	62.7%	59.1%
Putnam	76.9%	65.5%	64.9%	66.9%	65.3%	76.0%	67.1%	66.0%	64.8%	66.5%	65.2%
Rhea	70.0%	69.6%	70.0%	66.3%	81.3%	71.7%	71.8%	71.8%	72.3%	69.9%	71.8%
Roane	69.2%	71.8%	69.3%	69.6%	68.2%	72.1%	70.6%	69.0%	68.4%	69.9%	69.0%
Robertson	77.0%	77.5%	68.5%	71.5%	70.9%	71.0%	73.7%	71.8%	70.0%	71.8%	72.2%
Rutherford	74.9%	75.9%	72.3%	75.5%	77.0%	74.7%	75.8%	76.7%	75.9%	77.0%	78.7%
Scott	65.0%	66.5%	61.4%	66.9%	62.8%	62.7%	64.2%	64.5%	66.1%	64.4%	63.2%
Sequatchie	69.5%	65.8%	68.4%	68.6%	69.1%	66.5%	66.5%	67.8%	66.5%	68.2%	65.5%
Sevier	72.5%	70.5%	69.4%	70.5%	71.0%	69.8%	70.7%	65.6%	68.2%	71.5%	70.1%
Shelby	61.8%	60.4%	57.6%	58.2%	59.7%	58.7%	78.9%	75.2%	74.9%	74.5%	70.2%
Smith	68.9%	70.0%	66.9%	66.7%	67.4%	66.9%	67.5%	65.4%	63.9%	66.3%	64.3%

County	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Stewart	65.0%	65.7%	66.1%	64.7%	65.9%	63.8%	64.0%	62.0%	61.7%	61.2%	61.4%
Sullivan	58.1%	59.8%	60.9%	62.8%	64.2%	62.7%	61.2%	60.8%	60.8%	77.8%	55.2%
Sumner	79.4%	83.7%	80.4%	80.3%	80.4%	80.3%	79.3%	80.1%	79.5%	79.7%	78.3%
Tipton	82.8%	79.9%	78.9%	79.2%	79.5%	78.0%	80.1%	79.5%	79.8%	79.4%	78.6%
Trousdale	55.2%	56.6%	57.8%	57.1%	61.7%	60.1%	56.8%	55.2%	29.4%	17.9%	17.7%
Unicoi	66.8%	77.9%	65.7%	66.9%	67.5%	67.0%	66.3%	65.9%	66.1%	66.7%	66.9%
Union	74.8%	72.9%	77.5%	72.5%	75.1%	79.4%	79.9%	80.3%	75.4%	73.7%	73.7%
Van Buren	61.6%	63.7%	59.9%	58.4%	60.5%	59.3%	61.8%	58.6%	58.8%	54.5%	51.7%
Warren	72.2%	72.6%	70.4%	73.9%	74.5%	73.0%	71.2%	71.3%	72.0%	70.9%	70.4%
Washington	42.5%	53.0%	56.3%	57.8%	58.3%	58.5%	59.5%	57.9%	58.6%	59.7%	57.5%
Wayne	71.2%	70.1%	72.6%	69.9%	66.4%	62.5%	67.4%	61.0%	65.0%	65.6%	65.5%
Weakley	69.0%	70.2%	70.2%	70.6%	68.0%	71.1%	69.9%	70.2%	73.0%	73.5%	70.3%
White	72.6%	71.4%	72.2%	72.5%	72.0%	71.6%	71.0%	68.1%	68.9%	69.5%	77.4%
Williamson	74.2%	74.6%	77.1%	75.9%	75.0%	74.6%	76.8%	78.3%	77.0%	77.3%	78.2%
Wilson	69.7%	65.6%	67.4%	68.6%	68.3%	70.9%	68.4%	66.3%	65.1%	74.6%	70.0%
TOTAL	62.7%	63.0%	62.4%	62.6%	63.0%	62.7%	66.5%	64.7%	63.8%	64.9%	63.2%

Source: TACIR staff calculations based on Tennessee Comptroller of the Treasury Comprehensive Annual Financial Reports, excluding enterprise expenditures such as electric and water utilities.

Appendix B. City Education Expenditures, Percent of City Total Expenditures, Fiscal Years 2007-08 to 2017-18.

County	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Clinton	45.1%	46.3%	44.6%	45.7%	44.6%	43.3%	43.6%	43.1%	43.9%
Oak Ridge	62.1%	61.6%	62.9%	62.6%	62.3%	61.6%	63.1%	64.1%	59.4%
Alcoa	42.8%	49.5%	47.6%	51.9%	51.9%	48.8%	49.3%	50.0%	45.3%
Maryville	64.1%	65.4%	65.0%	65.8%	66.1%	64.8%	63.8%	64.8%	63.7%
Cleveland	51.5%	53.3%	52.9%	51.5%	52.7%	51.9%	52.7%	53.7%	49.8%
Elizabethton	69.6%	67.9%	68.6%	69.3%	72.4%	68.4%	67.9%	68.1%	69.7%
Newport	47.6%	47.7%	46.3%	45.6%	46.1%	45.9%	48.5%	41.9%	42.5%
Manchester	53.5%	51.4%	54.2%	54.1%	55.9%	54.8%	53.3%	56.4%	55.7%
Tullahoma	69.0%	70.0%	68.8%	70.1%	68.6%	67.7%	63.8%	64.7%	65.6%
Alamo	78.3%	78.5%	78.7%	79.2%	76.8%	81.1%	80.9%	81.7%	80.0%
Bells	64.6%	68.1%	69.4%	70.1%	68.1%	65.0%	69.1%	69.0%	68.5%
Dyersburg	62.8%	63.6%	61.5%	61.6%	62.1%	58.0%	59.5%	61.2%	59.3%
Humboldt	66.3%	65.9%	64.3%	62.9%	63.5%	62.2%	61.9%	61.8%	62.4%
Greeneville	56.8%	59.2%	56.9%	59.5%	59.0%	60.7%	58.2%	57.6%	55.9%
Rogersville	52.9%	58.8%	57.4%	56.7%	55.7%	50.6%	54.2%	54.3%	55.0%
Lexington	50.8%	42.9%	37.5%	52.3%	50.9%	49.0%	47.6%	48.1%	44.9%
Fayetteville	50.6%	56.1%	58.5%	58.2%	60.3%	58.5%	57.2%	56.3%	55.0%
Lenoir City	66.8%	68.2%	69.2%	71.9%	67.7%	69.0%	69.7%	66.4%	66.8%
Athens	58.4%	57.7%	60.5%	61.3%	61.2%	58.1%	60.9%	55.8%	61.7%
Etowah	52.5%	48.3%	52.3%	51.0%	51.9%	49.0%	48.0%	49.2%	47.6%
Sweetwater	73.9%	74.5%	72.0%	70.6%	70.5%	68.9%	68.2%	68.0%	67.1%
Union City	50.7%	50.9%	51.0%	49.4%	48.9%	49.2%	51.6%	49.2%	51.6%
Dayton	55.0%	55.5%	56.8%	54.9%	53.4%	54.2%	54.7%	53.2%	55.0%
Murfreesboro	35.6%	35.8%	34.3%	35.0%	34.7%	34.4%	34.1%	35.0%	35.3%
Arlington						82.7%	81.4%	82.7%	82.4%
Bartlett						54.7%	55.0%	55.1%	55.4%
Collierville						55.2%	51.1%	54.9%	57.3%
Germantown						47.4%	46.4%	48.3%	48.2%
Lakeland						52.8%	56.7%	51.5%	63.4%
Millington						59.2%	66.9%	65.3%	64.4%
Bristol	54.5%	53.9%	50.5%	56.6%	54.0%	51.4%	52.4%	51.0%	47.9%
Kingsport	52.0%	51.9%	53.0%	53.3%	53.9%	52.4%	53.4%	53.2%	53.2%
Johnson City	50.5%	51.1%	47.1%	46.4%	49.1%	50.6%	49.4%	49.7%	48.0%
TOTAL	53.9%	54.3%	53.1%	54.0%	54.3%	54.0%	53.8%	54.2%	53.5%

Source: TACIR staff calculations based on Tennessee Comptroller of the Treasury Comprehensive Annual Financial Reports, excluding enterprise expenditures such as electric and water utilities.

Appendix C. State Laws on School System Services and Personnel.

School System Services and Personnel	Required by State Law	Authorized but not Required by State Law
Central Office and General Administration		
Attendance supervisors	TCA 49-6-3006	
Director of schools	TCA 49-2-203	
Finance officer		not prohibited
Legal staff		TCA 49-2-203(b)(5): local school boards may employ legal counsel to advise or represent the board
Local school board	TCA 49-2-201	
System secretary		not prohibited
System-wide supervisor		not prohibited
Technology coordinator		not prohibited
Truancy intervention	TCA 49-6-3007 TCA 49-6-3009	
School Administrators and Staff		
Assistant principal		not prohibited
Principal	TCA 49-2-303 TCA 49-5-412	
School secretary		not prohibited
Teaching supervisor		TCA 49-2-304
Instructional Staff and Academic Programs		
Alternative schools and programs	TCA 49-6-3402: attendance required for students grades 7-12	TCA 49-6-3402: attendance permissive for students grades 1-6
Assessments	Tenn. Comp. R. & Regs. 0520-01-03-.03	

	Tenn. Comp. R. & Regs. 0520-01-03-.06	
Before and after school programs		TCA 49-2-135TCA 49-2-203(b)(11)
Curriculum and instruction	TCA 49-6-3004: must have 180 days of classroom instruction Tenn. Comp. R. & Regs. 0520-01-03-.06: graduation requirements	
Curriculum and instruction (additional courses)		Tenn. Comp. R. & Regs. 0520-01-03-.05(2)
Duty-free lunch period	TCA 49-3-359(b) Tenn. Comp. R. & Regs. 0520-01-03-.03(5)	
Duty-free planning period	Tenn. R. & Regs. 0520-01-03-.03(4)	
Instructional Assistants (regular, special education, career and technical)		not prohibited
Instructional coaches		not prohibited
Pre-k		TCA 49-6-101
Substitute teachers	TCA 49-5-701 TCA 49-5-709	
Teachers (regular, special education, career and technical)	TCA 49-1-104 TCA 49-2-203 TCA 49-5-403 Tenn. Comp. R. & Regs. 0520-01-03-.03	
Teacher insurance	TCA 8-27-302 and TCA 8-27-304(e): teachers can be part of state insurance plan, or can be self-insured in the local plan is equal to or superior to the state plan--local plan is evaluated by the Department of Finance and Administration	
Teacher retirement and FICA	TCA 8-36-903	

Teacher salary	Tenn. Comp. R. & Regs. 0520-01-02-.02: salary schedules	
Academic and Other School Support Services and Personnel		
Family resource centers		TCA 49-2-115: may be established by district to coordinate state and community services
Food service	<p>Tenn. Comp. R. & Regs. 0520-01-06-.03: must have facilities and equipment for the storage, preparation, and serving of food</p> <p>TCA 49-3-313: school lunch program</p> <p>TCA 49-6-2302: to the extent federal funds are available for free or reduced price meals, each school board shall establish a school lunch program in every school and a breakfast program in certain schools</p> <p>Tenn. Comp. R. & Regs. 0520-01-01-.05: high schools may decline participation in the National School Lunch Program, but must still provide free and reduced priced meals to qualifying students</p>	
Library staff	Tenn. Comp. R. & Regs. 0520-01-03-.07	
Nurses	TCA 49-3-359(c): district must use funds to directly employ or contract for a public school nurse or must advise TDOE of an alternative arrangement to meet student health needs	
Psychologists	Tenn. Comp. R. & Regs. 0520-01-03-.08: local boards of education must develop standards and policies for school psychological services	

Response to instruction and intervention	Tenn. Comp. R. & Regs. 0520-01-03-.03(7)(d) TCA 49-1-229	
School counselors (previously called guidance counselors in the BEP)	TCA 49-6-303	
School safety	TCA 49-6-4302: schools must annually conduct a school security assessment	TCA 49-6-4302: school systems may contract or partner with local law enforcement agencies to provide officers to serve as school resource officers
Special education services	TCA 49-10-103: every child with a disability is entitled to a free and appropriate public education and systems must provide special education services to each child with a disability designed to meet the child's unique needs, as required by the federal Individuals with Disabilities Education Act (20 USCS Section 1400 et seq.) TCA 49-10-114: required services determined by a child's individualized education program (IEP) team	
Facilities and Maintenance		
Building manager		TCA 49-3-364
Custodians		not prohibited
School facilities	Tenn. Comp. R. & Regs. 0520-01-04-.01; Statewide building construction safety standards/fire marshal (68-120-101); International Building Code (IBC), 2012 edition; International Fuel Gas Code, 2012 edition; International Mechanical Code, 2012 edition; International Plumbing Code, 2012 edition; International Fire Code, 2012 edition; International Energy Conservation Code, 2012 edition; International Existing Building Code, 2012 edition; NFPA 101 Life Safety Code, 2012 edition; Tenn. Comp. R. & Regs. 0780-02-14-.02; TCA 49-6-403	
Instructional Materials, Supplies, and Technology		

Instructional materials and supplies	TCA 49-3-359 TCA 49-6-2202 and TCA 49-6-2207: school boards must adopt textbooks and instructional materials from a list created by the state textbook and instructional materials quality commission	TCA 49-6-2207: school boards encouraged to make available for use by every student at least one textbook or instructional material in each subject at grade reading level in every grade
Instructional technology	TCA 49-6-1010: SBE requires one year of computer education Tenn. Comp. R. & Regs. 0520-01-03-.07: library information center technology	
Internet service and connectivity	Tenn. Comp. R. & Regs. 0520-01-03-.07: library information center technology	
Transportation		
Transportation	Tenn. Comp. R. & Regs. 0520-01-09-.05: may be required for some special education students	TCA 49-6-2101: authorized but not required
Transportation supervisor	TCA 49-6-2116: required for school systems that provide or contract for transportation services	
Miscellaneous		
Background checks	TCA 49-5-413	
Extracurricular activities and athletics		Tenn. Comp. R. & Regs. 0520-01-02-.08: interscholastic athletics
Feminine hygiene products		TCA 49-6-417: school systems may provide feminine hygiene products, at no charge, for student use only
Health and safety equipment	Tenn. Comp. R. & Regs. 0520-01-03-.03: each public high school must have an automated external defibrillator device	

<p>Immunizations</p>	<p>TCA 49-6-5001: proof of immunization given to admissions officer (see also Tenn. Comp. R. & Regs. 0520-01-03-.08)</p> <p>TCA 49-6-5005: must provide parents and guardians with information on certain diseases and vaccinations</p>	
<p>Professional development</p>	<p>TCA 49-6-3004: five days of in-service education</p> <p>SBE Policy 5.502: educator licensure policy</p> <p>TCA 49-5-5703: principals and administrators to attend academy</p> <p>Tenn. Comp. R. & Regs. 0520-01-02-.11: school board training</p>	
<p>Record keeping and reporting</p>	<p>TCA 49-6-3007: list of students--reports of attendance--enforcement of compulsory attendance--list of truant students (see also Tenn. Comp. R. & Regs. 0520-01-02-.17)</p> <p>TCA 49-3-316: local fiscal accounting and reporting (see also Tenn. Comp. R. & Regs. 0520-01-02-.13)</p> <p>TCA 49-1-613: annual school improvement plan</p>	
<p>Water testing for lead</p>	<p>TCA 49-2-133</p>	

Appendix D. Required Local Match of the BEP and Actual Local Revenue for Education, Fiscal Year 2017-18.

School System	Required Local Match in the BEP	Actual Local Revenue for Education	Difference
Anderson	\$ 14,218,000	\$ 25,388,013	\$ 11,170,013
Clinton	1,913,000	4,177,201	2,264,201
Oak Ridge	9,380,000	32,618,301	23,238,301
Bedford	12,248,000	21,841,027	9,593,027
Benton	3,721,000	6,885,691	3,164,691
Bledsoe	1,696,000	2,815,141	1,119,141
Blount	28,088,000	44,566,986	16,478,986
Alcoa	4,934,000	11,404,320	6,470,320
Maryville	12,900,000	32,221,791	19,321,791
Bradley	21,016,000	26,670,810	5,654,810
Cleveland	11,976,000	18,711,396	6,735,396
Campbell	9,711,000	10,220,742	509,742
Cannon	2,321,000	2,925,360	604,360
Carroll	495,000	1,557,256	1,062,256
Hollow Rock-Bruceton	773,000	1,160,459	387,459
Huntingdon SSD	1,398,000	2,677,841	1,279,841
McKenzie SSD	1,481,000	2,422,093	941,093
South Carroll SSD	405,000	807,117	402,117
West Carroll SSD	1,067,000	2,077,738	1,010,738
Carter	7,833,000	11,930,131	4,097,131
Elizabethton	3,454,000	8,632,441	5,178,441
Cheatham	9,024,000	13,383,370	4,359,370
Chester	2,768,000	3,799,651	1,031,651
Claiborne	6,417,000	11,118,536	4,701,536
Clay	1,355,000	2,326,248	971,248
Cocke	7,639,000	10,045,187	2,406,187
Newport	1,076,000	2,104,473	1,028,473
Coffee	9,188,000	14,551,951	5,363,951
Manchester	2,837,000	6,819,583	3,982,583
Tullahoma	6,667,000	18,296,415	11,629,415
Crockett	1,847,000	2,525,304	678,304
Alamo	534,000	507,055	(26,945)
Bells	337,000	420,395	83,395
Cumberland	18,598,000	19,698,446	1,100,446
Davidson	341,266,000	662,600,899	321,334,899
Decatur	2,843,000	3,710,166	867,166
DeKalb	5,190,000	4,781,008	(408,992)

School System	Required Local Match in the BEP	Actual Local Revenue for Education	Difference
Dickson	16,271,000	25,147,249	8,876,249
Dyer	7,185,000	11,035,778	3,850,778
Dyersburg	4,633,000	9,008,320	4,375,320
Fayette	10,654,000	10,269,852	(384,148)
Fentress	3,775,000	3,201,167	(573,833)
Franklin	11,324,000	16,912,080	5,588,080
Humboldt	1,518,000	2,860,004	1,342,004
Milan SSD	2,663,000	5,094,545	2,431,545
Trenton SSD	1,743,000	3,894,692	2,151,692
Bradford SSD	776,000	1,484,852	708,852
Gibson SSD	5,086,000	10,678,527	5,592,527
Giles	7,905,000	10,908,012	3,003,012
Grainger	3,184,000	4,688,069	1,504,069
Greene	12,962,000	15,939,527	2,977,527
Greeneville	5,401,000	14,845,662	9,444,662
Grundy	2,285,000	2,285,672	672
Hamblen	23,041,000	29,313,141	6,272,141
Hamilton	148,215,000	241,083,168	92,868,168
Hancock	869,000	1,277,244	408,244
Hardeman	4,763,000	8,475,080	3,712,080
Hardin	9,004,000	13,016,974	4,012,974
Hawkins	11,176,000	17,344,472	6,168,472
Rogersville	1,038,000	2,079,828	1,041,828
Haywood	4,748,000	6,505,387	1,757,387
Henderson	5,569,000	7,881,157	2,312,157
Lexington	1,105,000	2,414,613	1,309,613
Henry	6,041,000	10,049,557	4,008,557
Paris SSD	3,161,000	6,447,819	3,286,819
Hickman	3,745,000	5,111,373	1,366,373
Houston	1,422,000	1,720,359	298,359
Humphreys	6,101,000	7,571,313	1,470,313
Jackson	1,615,000	2,800,833	1,185,833
Jefferson	13,661,000	18,333,223	4,672,223
Johnson	3,308,000	4,563,521	1,255,521
Knox	196,167,000	268,622,637	72,455,637
Lake	1,033,000	1,401,497	368,497
Lauderdale	4,802,000	6,982,551	2,180,551
Lawrence	9,576,000	12,772,594	3,196,594
Lewis	2,474,000	3,185,041	711,041
Lincoln	6,033,000	8,763,356	2,730,356

School System	Required Local Match in the BEP	Actual Local Revenue for Education	Difference
Fayetteville	2,173,000	3,521,550	1,348,550
Loudon	12,784,000	20,441,625	7,657,625
Lenoir City	6,403,000	10,988,559	4,585,559
McMinn	11,937,000	11,964,135	27,135
Athens	3,393,000	6,186,369	2,793,369
Etowah	802,000	918,580	116,580
McNairy	5,424,000	6,511,873	1,087,873
Macon	4,728,000	6,228,084	1,500,084
Madison	40,946,000	50,923,481	9,977,481
Marion	8,371,000	9,901,153	1,530,153
Richard City SSD	538,000	700,507	162,507
Marshall	8,513,000	13,875,657	5,362,657
Mauzy	28,457,000	41,392,496	12,935,496
Meigs	2,173,000	2,615,678	442,678
Monroe	9,989,000	10,513,271	524,271
Sweetwater	2,836,000	3,393,673	557,673
Montgomery	61,926,000	97,030,851	35,104,851
Moore	2,253,000	3,872,930	1,619,930
Morgan	2,695,000	3,708,382	1,013,382
Obion	6,386,000	8,683,054	2,297,054
Union City	2,982,000	5,600,778	2,618,778
Overton	4,047,000	5,413,299	1,366,299
Perry	1,784,000	2,065,740	281,740
Pickett	1,270,000	1,472,737	202,737
Polk	3,231,000	4,394,846	1,163,846
Putnam	28,073,000	35,265,680	7,192,680
Rhea	7,093,000	9,009,273	1,916,273
Dayton	1,321,000	1,478,350	157,350
Roane	16,972,000	24,191,675	7,219,675
Robertson	19,732,000	31,574,015	11,842,015
Rutherford	90,291,000	161,333,472	71,042,472
Murfreesboro	17,079,000	36,288,002	19,209,002
Scott	3,201,000	3,697,038	496,038
Oneida SSD	1,383,000	2,629,854	1,246,854
Sequatchie	3,388,000	4,715,383	1,327,383
Sevier	61,839,000	100,536,950	38,697,950
Shelby	273,937,000	512,174,417	238,237,417
Arlington	9,970,000	21,518,353	11,548,353
Bartlett	18,936,000	41,896,763	22,960,763
Collierville	18,173,000	40,484,890	22,311,890

School System	Required Local Match in the BEP	Actual Local Revenue for Education	Difference
Germantown	12,576,000	34,081,034	21,505,034
Lakeland	3,194,000	6,647,696	3,453,696
Millington	5,921,000	11,462,178	5,541,178
Smith	4,706,000	6,037,404	1,331,404
Stewart	3,007,000	2,004,299	(1,002,701)
Sullivan	27,921,000	40,523,260	12,602,260
Bristol	11,014,000	22,217,300	11,203,300
Kingsport	20,521,000	45,026,800	24,505,800
Sumner	57,546,000	98,167,726	40,621,726
Tipton	12,944,000	19,205,939	6,261,939
Trousdale	1,577,000	2,601,851	1,024,851
Unicoi	4,147,000	4,535,761	388,761
Union	2,891,000	4,190,096	1,299,096
Van Buren	1,222,000	1,467,892	245,892
Warren	10,726,000	14,592,781	3,866,781
Washington	25,242,000	30,721,297	5,479,297
Johnson	22,410,000	45,281,587	22,871,587
Wayne	2,814,000	3,105,511	291,511
Weakley	7,106,000	8,987,034	1,881,034
White	5,647,000	5,952,702	305,702
Williamson	128,858,000	322,701,444	193,843,444
Franklin SSD	13,261,000	41,933,089	28,672,089
Wilson	41,202,000	65,301,842	24,099,842
Lebanon SSD	8,485,000	17,114,943	8,629,943
TOTAL	\$2,377,013,000	\$4,097,346,178	\$1,720,333,178

Source: Tennessee Department of Education 2018 Annual Statistical Report and 2017-18 BEP workbook.

Appendix E. BEP Review Committee Recommendations, 2004-2018.

Year	BEP Review Committee Recommendation	Projected Cost	Implemented?
2011	12 Month Insurance Premiums	\$56,000,000	No
2012	12 Month Insurance Premiums	\$57,600,000	No
2013	12 Month Insurance Premiums	\$60,376,000	No
2014	12 Month Insurance Premiums	\$64,411,000	No
2015	12 Month Insurance Premiums	\$30,417,000	Yes—BEP Enhancement Act of 2016

Year	BEP Review Committee Recommendation	Projected Cost	Implemented?
2004	Instructional Technology Funding Increase	No amount given	No
2005	Instructional Technology Funding Increase	No amount given	No
2006	Instructional Technology Funding Increase	No amount given	No
2007	Instructional Technology Funding Increase	No amount given	No
2008	Instructional Technology Funding Increase	No amount given	No
2009	Instructional Technology Funding Increase	No amount given	No
2010	Instructional Technology Funding Increase	No amount given	No
2011	Instructional Technology Funding Increase	No amount given	No
2012	Instructional Technology Funding Increase	No amount given	No
2013	Instructional Technology Funding Increase	No amount given	No
2014	Instructional Technology Funding Increase	No amount given	No
2015	Instructional Technology Funding Increase	Recommendation was to add an additional \$10 million	Yes—BEP Enhancement Act increased the total state and local component from \$20 million to \$40 million
2016	Instructional Technology Funding Increase	\$10,327,000= state share of cost to increase from \$40 million to \$60 million	No
2017	Instructional Technology Funding Increase	\$12,163,000= state share of cost to increase from \$40 million to \$60 million	No
2018	Instructional Technology Funding Increase	No amount given	No

Year	BEP Review Committee Recommendation	Projected Cost	Implemented?
2004	Increase At-Risk Student Funding	No amount given	NO
2005	Increase At-Risk Student Funding	\$34,000,000	No—Changed to a classroom component
2006	Increase At-Risk Student Funding	\$51,708,000	Yes—100% funding for at risk students

Year	BEP Review Committee Recommendation	Projected Cost	Implemented?
2007	Lower Assistant Principal Ratios	\$9,469,600	No
2008	Lower Assistant Principal Ratios	No amount given	No
2009	Lower Assistant Principal Ratios	No amount given	No
2010	Lower Assistant Principal Ratios	No amount given	No
2011	Lower Assistant Principal Ratios	\$9,018,000	No
2012	Lower Assistant Principal Ratios	\$9,352,000	No
2013	Lower Assistant Principal Ratios	\$7,216,000	No
2014	Lower Assistant Principal Ratios	\$11,739,000	No; Final year recommended

Year	BEP Review Committee Recommendation	Projected Cost	Implemented?
2005	Increase State Share of Instructional Salary Component	Eliminate CDF over time & reallocate to Instructional component	No
2006	Increase State Share of Instructional Salary Component	\$224,082,000 (to restore state share to 75%)	Yes—State share increased to 70%
2007	Increase State Share of Instructional Salary Component	\$132,982,000	No
2008	Increase Pay for Teachers, Principals & Assistant Principals	No amount given- Approach Regional Average	No
2009	Increase Pay for Teachers, Principals & Assistant Principals	No amount given- Approach Regional Average	No
2010	Increase Pay for Teachers, Principals & Assistant Principals	No amount given- Approach Regional Average	Yes—Salaries increased to \$38,700
2011	No recommendation	N/A	N/A
2012	No recommendation	N/A	N/A
2013	Increase Teacher Salary Component	\$264,372,000 for a \$5,000 component increase	No
2014	Increase Teacher Salary Component	No amount given	No
2015	Increase Teacher Salary Component	No amount given	Yes—\$134 Million increase in Instructional Funding
2016	Increase Teacher Salary Component	No amount given	Yes—\$100.4 Million increase in Teacher compensation

2017	Increase Teacher Salary Component	No amount given	Yes—\$55 Million allocated to teacher salaries
2018	Increase Teacher Salary Component	No amount given	Yes—\$71 Million increase to Instructional component. HB 959/ SB 776 didn't make it out of committee. HB 255 deferred

Year	BEP Review Committee Recommendation	Projected Cost	Implemented?
2004	Decrease English Language Learner Support Ratios (ELL teachers & translators)	No amount given	No
2005	Decrease English Language Learner Support Ratios (ELL teachers & translators)	\$32,900,000 if ADM is 24,732 \$53,000,000 if ADM is 35,000 at 1:20 ratio	No
2006	Decrease English Language Learner Support Ratios (ELL teachers & translators)	\$10,407,000 for 1:30 ratio; \$26,222,000 for 1:20 ratio	Yes—Went to 1:30 Ratio
2007	Decrease English Language Learner Support Ratios (ELL teachers & translators)	\$16,665,000 for 1:20 Ratio	Yes—Gradual phase in
2008	No Recommendation	N/A	
2009	No Recommendation	N/A	
2010	No Recommendation	N/A	
2011	Decrease English Language Learner Support Ratios (ELL teachers & translators)	\$25,989,000	Yes—Gradual phase in
2012	No Recommendation	N/A	
2013	No Recommendation	N/A	
2014	No Recommendation	N/A	
2015	No Recommendation	N/A	
2016	Decrease English Language Learner Support Ratios (ELL teachers & translators)	\$16,923,000 to reach 1:20 Ratio from 1:25	Yes—\$22.2 Million allocated to ELL funding; last year recommended. General Assembly passed bill that funds at 1:20 ratio.

Year	BEP Review Committee Recommendation	Projected Cost	Implemented?
2004	Professional Development for Teachers	1% rate of instructional salaries	No
2005	Professional Development for Teachers	1% rate of instructional salaries	No
2006	Professional Development for Teachers	\$16,560,000	No
2007	Professional Development for Teachers	\$21,053,000	No

2008	Professional Development for Teachers	1% rate of instructional salaries	No
2009	Professional Development for Teachers	1% rate of instructional salaries	No
2010	Professional Development for Teachers	1% rate of instructional salaries	No
2011	Professional Development for Teachers	\$27,227,000	No
2012	Professional Development for Teachers	\$24,613,000	No
2013	Professional Development for Teachers	\$22,062,000	No
2014	Professional Development for Teachers	\$25,576,000	No; Final year recommended

Year	BEP Review Committee Recommendation	Projected Cost	Implemented?
2004	Lower Nurse to Student Ratio & Remove BEP Spending mandate on Nurses	Fund at a 1:1500 Ratio	No
2005	Lower Nurse to Student Ratio & Remove BEP Spending mandate on Nurses	Fund at a 1:1500 Ratio	No
2006	Lower Nurse to Student Ratio & Remove BEP Spending mandate on Nurses	\$10,583,000	No
2007	Lower Nurse to Student Ratio	\$10,776,000	No
2008	Lower Nurse to Student Ratio	Fund at a 1:1500 Ratio	No
2009	Lower Nurse to Student Ratio	Fund at a 1:1500 Ratio	No
2010	Lower Nurse to Student Ratio	Fund at a 1:1500 Ratio	No
2011	Lower Nurse to Student Ratio	\$11,712,000	No
2012	Lower Nurse to Student Ratio	\$11,990,000 (+ \$67,000 Hold Harmless)	No
2013	Lower Nurse to Student Ratio	\$9,438,000	No
2014	Lower Nurse to Student Ratio	\$12,194,000	No
2015	No Recommendation	N/A	
2016	No Recommendation	N/A	
2017	Lower Nurse to Student Ratio	\$35,678,000	No
2018	Lower Nurse to Student Ratio	\$38,767,000	No—Rep. Hawk brought HB 653 (originated in 2016), didn't make it out of committee

Year	BEP Review Committee Recommendation	Projected Cost	Implemented?
2004	Lower Technology Coordinator Ratio	Fund at a rate of 1:2500; currently at 1:6400	No
2005	Lower Technology Coordinator Ratio	Fund at a rate of 1:2500; currently at 1:6400	No
2006	Lower Technology Coordinator Ratio	\$3,900,000 for 1:3000 ratio	No

2007	Lower Technology Coordinator Ratio	\$5,352,000 for 1:2500 ratio	No
2008	Lower Technology Coordinator Ratio	Fund at a rate of 1:2500; currently at 1:6400	No
2009	Lower Technology Coordinator Ratio	Fund at a rate of 1:2500; currently at 1:6400	No
2010	Lower Technology Coordinator Ratio	Fund at a rate of 1:2500; currently at 1:6400	No
2011	Lower Technology Coordinator Ratio	\$4,067,000 for 1:3200 ratio	No
2012	Lower Technology Coordinator Ratio	\$4,018,000 plus \$181,000 Hold Harmless	No
2013	Lower Technology Coordinator Ratio	\$2,960,000 for 1 per LEA	No
2014	Lower Technology Coordinator Ratio	\$5,268,000 for 1 per LEA	No; Final year recommended

Year	BEP Review Committee Recommendation	Projected Cost	Implemented?
2016	Response to Intervention and Instruction	\$28,220,000 for positions in BEP formula at 1:1000 ratio	No
2017	Response to Intervention and Instruction	\$35,072,000 for positions in BEP formula at a 1:1000 ratio	Partial—RTI ² component added and \$13,334,000 allocated
2018	Response to Intervention and Instruction	No amount given	No

Year	BEP Review Committee Recommendation	Projected Cost	Implemented?
2013	Lower Counselor to Student Ratio	\$52,909,000 for 1:250 ratio	No
2014	Lower Counselor to Student Ratio	\$57,497,000 for 1:250 ratio	No
2015	No Recommendation	N/A	
2016	Lower Counselor to Student Ratio	\$47,716,00 for a 1:250 ratio	No
2017	Lower Counselor to Student Ratio	\$56,518,000 for a 1:250 ratio	No
2018	Lower Counselor to Student Ratio	\$61,925,000 for a 1:250 ratio	No

Year	BEP Review Committee Recommendation	Projected Cost	Implemented?
2004	Reduce Instructional positions outside the BEP (based on reduced class size ratios)	No amount given, reduced class size ratios in grades K-6	No
2005	Reduce Instructional positions outside the BEP (based on reduced class size ratios)	No amount given, reduced class size ratios in grades K-6	No

2006	Reduce Instructional positions outside the BEP (based on reduced class size ratios)	Reduction in class size ratio grades K-12 by 1 student: \$54,133,000; by 2 students: \$114,215,000	No
2007	Reduce Instructional positions outside the BEP (based on reduced class size ratios)	Reduction in class size ratio grades 7-12 by 2 students: \$38,676,647 by 3 students: \$60,858,206	No—First year as an immediate priority
2008	Reduce Instructional positions outside the BEP (based on reduced class size ratios)	No amount given	No
2009	Reduce Instructional positions outside the BEP (based on reduced class size ratios)	Reduction in class size ratio grades 7-12 by 2 to 3 students, no amount given	No
2010	Reduce Instructional positions outside the BEP (based on reduced class size ratios)	Reduction in class size ratio grades 7-12 by 2 to 3 students, no amount given	No
2011	Reduce Instructional positions outside the BEP (based on reduced class size ratios)	Reduction in class size ratio grades 7-12 by 3 students: \$83,284,000	No
2012	Reduce Instructional positions outside the BEP (based on reduced class size ratios)	Reduction in class size ratio grades 7-12 by 3 students: \$85,024,000	No
2013	Reduce Instructional positions outside the BEP (based on reduced class size ratios)	Reduction in class size ratio grades 7-12 by 3 students: \$81,333,000	No
2014	Reduce Instructional positions outside the BEP (based on reduced class size ratios)	Reduction in class size ratio grades 7-12 by 3 students: \$87,928,000	No; Final Year recommended

Year	BEP Review Committee Recommendation	Projected Cost	Implemented?
2008	New BEP Component for Mentors	No amount given	No
2009	New BEP Component for Mentors	No amount given	No
2010	New BEP Component for Mentors	No amount given	No
2011	New BEP Component for Mentors	\$14,498,000	No
2012	New BEP Component for Mentors	\$13,861,000	No
2013	New BEP Component for Mentors	\$14,333,000	No
2014	New BEP Component for Mentors	\$17,670,000	No; Final Year recommended

Year	BEP Review Committee Recommendation	Projected Cost	Implemented?
2013	Increase funding ratio for psychologists from 1:2,500 to 1:500	\$52,799,000	N
2014	Increase funding ratio for psychologists from 1:2,500 to 1:501	\$57,518,000	No; Final Year recommended

Year	BEP Review Committee Recommendation	Projected Cost	Implemented?
2004	Increase funding for teacher materials and supplies	No amount given	No
2005	Increase funding for teacher materials and supplies	No amount given	No
2006	Increase funding for teacher materials and supplies	\$3,893,000.0	No
2007	Increase funding for teacher materials and supplies	\$3,930,000	No
2008	Increase funding for teacher materials and supplies	No amount given	No
2009	Increase funding for teacher materials and supplies	No amount given	No
2010	Increase funding for teacher materials and supplies	No amount given	No
2011	Increase funding for teacher materials and supplies	\$6,208,000	No
2012	Increase funding for teacher materials and supplies	\$6,234,000	No
2013	Increase funding for teacher materials and supplies	\$3,655,000	No
2014	Increase funding for teacher materials and supplies	\$6,335,000	No; Final Year recommended

Year	BEP Review Committee Recommendation	Projected Cost	Implemented?
2011	BEP 2.0 Fully Implemented	\$205,004,000	No
2012	BEP 2.0 Fully Implemented	\$152,481,000	No
2013	BEP 2.0 Fully Implemented	\$146,223,000	No
2014	BEP 2.0 Fully Implemented	\$133,910,000	No; Final Year recommended

Source: Annual Reports of the Basic Education Program Review Committee, 2004 to 2018.

Appendix F. School Systems Serving Out-of-District Students

Tennessee permits school systems to determine their own policy for admitting students that reside outside of the school system's geographical boundaries. In response to a request by the Commission during its September 2019 meeting, TACIR staff surveyed all 141 school systems in Tennessee regarding their policies for admitting out-of-district students.

System-based analysis:

- Of the 57 school systems that responded, 54 said that they have a policy that allows students who reside outside of the school system to attend their schools.
 - Of the 54 that have a policy that allows students who reside outside of the school system to attend their schools,
 - 37 do not charge any students tuition.
 - 6 school systems (15.4%) charge tuition for all out-of-system students.
 - 10 school systems charge some students tuition but not others. Of these 10 school systems,
 - 8 did not charge tuition to children of employees
 - 2 only charged tuition to students residing outside the county
 - 1 school system did not answer this question.
 - Of the 20 school systems with a method for calculating the amount tuition,
 - 10 school systems base the calculation on the local revenue per student
 - 4 school systems charge flat amounts
 - 4 school systems simply say the school board determines the amount
 - 2 school systems base the calculation on expenditure per student

Student⁶⁶-based analysis:

- Of the 304,896 students attending school systems represented in the survey,
 - 11,462 students (3.8%) were identified as out-of-district students
 - 1,466 students (0.5%) were identified as tuition-paying students

⁶⁶ Average daily membership.