

# FUNDING OUR SCHOOLS

## How Tennessee's Funding Formula Fails to Meet the Needs of Nashville's Students



### Public Education in Tennessee

#### An Overview of the BEP: A Funding Formula, Not a Spending Plan

Tennessee uses a funding formula called the Basic Education Program (BEP) to determine how much money should be allocated to each school district to meet the “minimum responsibilities” of educating students. The BEP, created in 1992, was developed in response to a ruling by the Tennessee Supreme Court that found that the previous education funding formula was inequitable, particularly when it came to funding small and rural districts.

While the BEP does provide a minimum amount that the state and local districts need to contribute to public education, it provides ample flexibility to districts to determine how to spend those dollars to meet the needs of their students. The BEP Program Review Committee, composed of state and local officials and other stakeholders, monitors the BEP and makes recommendations for improvement.

Tennessee educates roughly 1 million students each year across 146 school districts in 95 counties. Tennessee students are overwhelmingly white (64.3%) with Black students comprising nearly a quarter of the student population (24.1%) and Latinx students accounting for approximately 10%. The average Tennessee school district has 13 schools. Two-thirds of all school districts in the state have less than 10 schools.

In contrast, Metro Nashville Public Schools is comprised of 167 schools serving over 82,000 students. The majority of Nashville’s students are students of color: 40% are Black, 28.1% are Latinx, 4.1% Asian. Just over a quarter (27.4%) of Nashville’s students are white.



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In 2007, Governor Phil Bredesen proposed the first major revision of the BEP. Called BEP 2.0, the revision was designed to direct additional funding to schools and begin to address the varying and individual needs of students.

The current BEP formula was created in 2016 under Governor Bill Haslam through the BEP Enhancement Act. The BEP Enhancement Act brought some much-needed changes, including decreasing some specialized teacher to student ratios and increasing the instructional salary unit. But the BEP Enhancement Act rescinded some of the promising features of BEP 2.0 that addressed inequities among student populations.

The BEP is not without controversy. Tennessee has one of the most complex education

funding formulas in the country. The tension between the needs of large, diverse cities and smaller, less wealthy counties is a hallmark of Tennessee policymaking, and school finance is not immune.

The state has been sued multiple times by school districts, both large and small, seeking more equitable distribution of funding.

The BEP sets a contribution percentage for state and local responsibility for each of the four main categories:

	State	Local
Instructional salaries	70%	30%
Instructional benefits	70%	30%
Classroom costs	75%	25%
Non-classroom costs	50%	50%



Local contribution levels are aspirational for many communities because of differences among counties in their ability to raise local revenue. As a result, the BEP also considers the “fiscal capacity” of a county. *Fiscal capacity “is intended to put all counties on a level playing field, regardless of their size or relative wealth.”* It considers a county’s property values, taxes, and other revenue sources to determine the county’s ability to raise its own funds for education.



## THE MANY GOALS OF THE BEP

The complex funding formula attempts to accomplish multiple things:

- Identify what is needed to provide public education, such as teachers, school buses, and instructional materials
- Determine what each of those components costs (e.g., teacher's salary)
- Set a funding ratio for each component, such as the number of teachers per student
- Determine the share of responsibility between the state and local counties for each major funding category
- Identify each county's ability to fund public education

## Challenges with the BEP

The BEP regularly and consistently underestimates the requirements of running a school system, regardless of its size. Nowhere is this more apparent than in the way the formula estimates the number of teaching positions required to staff a district. Of the 146 districts, only one is able to adequately staff schools with the funding generated by the BEP. In fact, in the 2018-2019 fiscal year, ***Tennessee districts employed nearly 7,000 more teachers than the amount of funding generated by the BEP.***

School positions	Number the BEP generated statewide	What districts actually staffed
Assistant Principals	662	1,947
Instructional Personnel	65,534	76,967
Nurses	354	1,394

This occurs in part because the BEP generates teacher salary costs based on state-mandated class size requirements at a district level instead of a classroom level. State law requires all classrooms in grades K-3 to average a student-to-teacher ratio of 20:1. The BEP considers the total number of a district's students in grades K-3 and then presents the number of corresponding teachers that would keep the districtwide student to teacher ratio at 20:1. However, school districts must meet class size requirements in each individual school building, not across the district as whole. ***This mismatch requires significant local investment with no corresponding investment from the state.***

In addition to the discrepancies between the number of BEP-generated positions and necessary positions, the instructional salary unit cost is \$48,330, which is below Nashville's average teacher salary of \$51,893—a gap of over \$3,500 per teacher that must be picked up by the local district.

Even as the state has made efforts to address the needs of individual student populations, those efforts fall short. The Education Law Center found that BEP efforts to direct funding to at-risk students, a mere \$886 per student in 2018-2019, did not adequately account for the increased costs for educating low-income students once adjusted for cost of living in more urban districts.

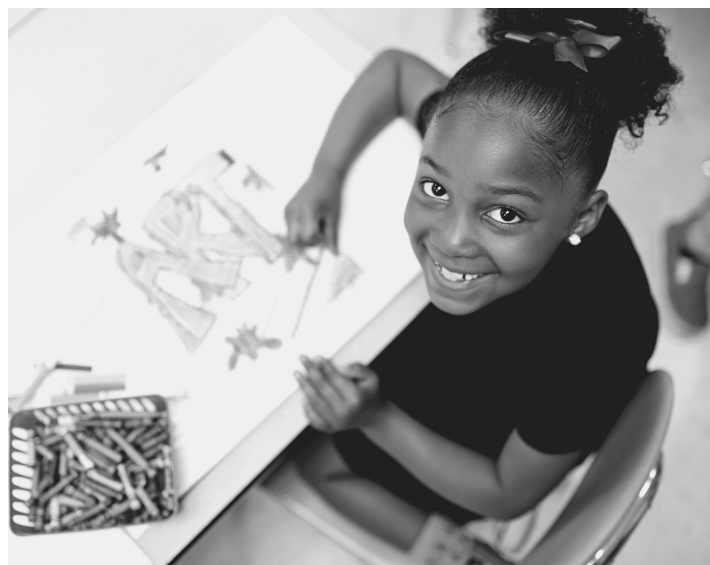
Another example of how the BEP underestimates the costs of running a school district is the state's required Response to Instruction and Intervention (RTI2). This initiative, implemented in 2014 as an unfunded mandate, requires districts to provide tiered supports to students to address learning deficits. Though the BEP provides some funding for RTI2 implementation, it generates less than 60% of what districts actually spend to meet the needs of students. The BEP Review Committee reports that it would require an additional \$11.3 million annually to fully fund this one program.





Mounting evidence suggests the BEP is not working for students and in some cases is actually increasing inequities. Yet, revising such a complex formula can seem daunting.

In the short-term, we need to **fully adopt the recommendations of the BEP Review Committee** as incremental progress towards a long-term goal of overhauling the BEP. Simultaneously, we need to engage in thoughtful, collaborative conversations on the role of public education for the future of Tennessee and what we expect our state and local government to invest so that all students can thrive in school.



## 2020 BEP Committee Priority Recommendations

- 1 Hold district funding harmless and do not make funding contingent on changes in enrollment numbers that may have been caused by the pandemic
- 2 Continue a commitment to increasing teacher compensation
- 3 Increase funding for technology and accessibility
- 4 Fund the number of school counselors at a level closer to national best practices
- 5 Fund the number of school nurses at a level closer to national best practices
- 6 Increase funding for Response to Instruction and Intervention

## About the Nashville Public Education Foundation

The Nashville Public Education Foundation believes teachers and school leaders are best positioned to create change in our schools. We believe we must make sure our teachers and leaders have what they need to help students succeed. And we believe it's up to all of us to ensure our students are thriving in our schools every day. Our mission is to support teachers and leaders to build schools where all kids thrive.



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