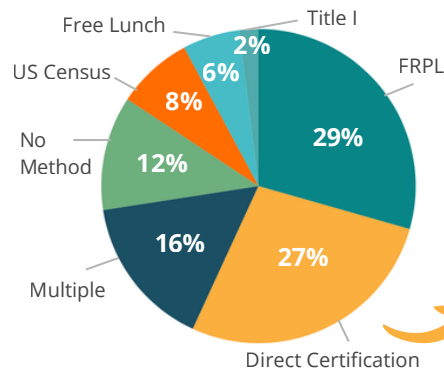


# How Tennessee's Definition of "Economically Disadvantaged" Impacts Public Schools

In 2016, Tennessee changed its definition of "economically disadvantaged" students in response to new federal policy that required reporting on this demographic but lacked clear direction on how to do so. Paired with a desire to not overcount this student population, this policy change prompted Tennessee to begin using a stricter definition that would ultimately have significant implications for public school funding.

## Tennessee has one of the strictest definitions of "Economically Disadvantaged" (ED) in the country, playing a major role in how public schools are funded

Primary Method for State Definitions of ED Across the US



Of the 14 states using Direct Certification, all but two (TN and MS) apply Broad-Based Categorial Eligibility (BBCE) - a policy that simplifies SNAP and allows states to increase income limits.

TN is among 14 states that primarily use Direct Certification to define ED students

over 50% of states have SNAP/TANF income limits at 200% of the Federal Poverty Guidelines after enacting BBCE

As a result, TN's income limits for SNAP are among the very lowest in the country, meaning:

- fewer families qualify for assistance
- fewer students are defined as economically disadvantaged
- TN's school funding formula allocates less money for school districts, despite many families experiencing economic hardship

## How has the "Economically Disadvantaged" (ED) definition changed over time?

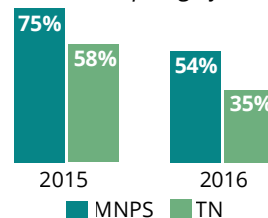
### prior to 2015

- TN defines economically disadvantaged (ED) as **participating in Free and Reduced Priced Lunch (FRPL)** - the widely used method at the time - determined by household income >185% of the Federal Poverty Guidelines (FPG)

### 2016

- TN changes to a **"direct certification" method** which defines ED students as those **currently enrolled in SNAP or TANF**, or who are categorized as homeless, migrant, or in foster care. This **lowers the household income of ED students to >130% of the FPG**

As a result, the % of ED students drops significantly.



### 2026

- Lawmakers propose HB2485/SB2385 to **include TennCare (Medicaid) enrollment in TN's ED definition**, which would return income eligibility to >185% of the FPG

The Every Student Succeeds Act (ESSA) requires states to identify and report outcomes for ED students but **allows states to set definitions**. ESSA also allows high-poverty schools to provide universal free meals, **prompting many states to question FRPL** as an accurate measure of ED

2015

TN passes the TISA public school funding formula, which funds districts per student with additional funding for ED students and students enrolled in schools with a high concentration of poverty. This shift **directly ties the ED definition to school funding** for the first time

2022

The state does not allocate funding for the bill, which is then amended to **direct the TISA review committee to study TN's ED definition** and its impact. The bill passes with bipartisan support.

## The ED definition is intertwined in federal and state policies that affect students

Revising TN's ED definition would increase school funding by millions.

If TN's ED definition broadened to include TennCare/Medicaid enrollment as recommended in the original House Bill 2485/Senate Bill 2385, TN's funding formula would allocate an additional \$21 million to Metro Nashville Public Schools.

Factors beyond strict income limits result in undercounting ED students.

The enrollment processes for state assistance programs are often lengthy, complex, and require regular recertification. So, many economically disadvantaged families who would qualify but are not actively enrolled are being missed by direct certification-based ED definitions.

Many policies related to economic status and mobility need updating.

The Federal Policy Guidelines, which are the mathematical basis for TN's ED definition, are considered long-outdated by economic and education experts. While other states have enacted policies to solve for this issue, such as BBCE, TN has not.