**Public School Funding Reform**

This fall, Governor Bill Lee and Department of Education (DOE) Commissioner Penny Schwinn announced a stakeholder engagement effort meant to gather feedback about reforming the Tennessee’s public school funding formula, the Basic Education Plan (BEP). On the heels of the public engagement process, the department recently released a draft framework of a new funding model for Tennessee.

**What we know:**

* The BEP is long overdue for a complete overhaul. Currently, Tennessee is one of only 6 states that used a resource-based model like the BEP.
  + A resource-based model determines funding based on required staff-student ratios and attendance.
    - For example, if a school has 100 students and the BEP required a student-teacher ratio of 1 to 25 students, the BEP would provide enough funds for 4 teachers
  + The biggest problem with a resource-based model is that it assumes all students are the same, and fails to account for varied needs and associated costs of educating a diverse student body
* The state draft framework is proposing to implement a “weighted” funding formula model to replace the BEP
  + A weighted funding formula applies “weights” or multipliers to students that help to account for the different costs associated with educating different students with different needs
    - This structure is much more likely to benefit students with disabilities than the previous, resource-based structure
* The draft proposal framework creates four categories of funding: Outcomes, Direct Funding, Weights and Base
  + The “Base” funds educator salaries, nurses, counselors and school-based supports, RTI2 support, district-specific needs, technology and Co
  + The “Weights” account for: Poverty and Concentrated Poverty, Rurality, Unique Learning Needs and Charter Schools.
    - We are hoping that the “Unique Learning Needs” weight would account for the needs of students with disabilities
  + “Direct funding” is for specific programs, like Career and Technical Education (CTE)
  + “Outcomes” are additional dollars to be allocated based on certain achievement or improvement metrics

**What we don’t know:**

* Will the state’s final proposal increase the overall spending on education in Tennessee?
  + The state currently ranks 44th in the country in per-pupil spending
  + The state had a budget surplus of around $4 billion for fiscal year 2021, and is on pace to have a similar surplus in fiscal year 2022
    - The state’s rainy day fund has also grown to around $1.5 billion and received upwards of $65 billion in additional federal funds over the course of the pandemic
  + Changing the way that money is distributed to school districts in Tennessee, without changing the overall level of funding, is unlikely to have the impact that the Governor and DOE hope it will
* How will the weight for students with special needs be constructed?
  + Weighting is complicated, and there are many different ways to define “students with special needs” – it is so far unclear about how the funding would work

**What we hope to see:**

* To achieve the greatest benefit in reforming public school funding in Tennessee, the state needs to invest more money in education
  + Tennessee spends about $4,000 less per student than the national average
    - To reach the national average per-pupil expenditure, state and local governments would need to invest an additional $3.8 billion annually combined into public education
      * The state portion of this would be roughly $2.66 billion annually, if the local matching rate remains similar in the new funding formula
* To adequately fund special education, the state should adopt an IEP/needs-based weighting system
  + This system would identify the cost of a need/service identified in student IEP’s, group them in a “tier” with needs/services of a similar cost, and provide funds based the amount of student needs in a given school
    - For example, all-day one-to-one paraprofessional support may be placed in the highest tier of need/service because it costs the most, pullout reading may be placed in a lower tier because it costs less

Tennessee’s funding reform effort is necessary and welcome. It represents a once-in-a-generation opportunity to improve our state’s schools and ensure that students with disabilities can have their needs met. Thus far, the direction of the reform effort is positive, but there are still many unknowns. It’s important that advocates for children with disabilities stay up-to-date on the progress of the reform effort and speak out to ensure that our students have equal access to a quality education.