

Governor's Task Force on Basic Education Program (BEP)
Meeting 1
March 24, 2014 1:00 CST
State Capitol Executive Conference Room, Nashville, TN

Members Present:

- Governor Bill Haslam,
- Education Commissioner Kevin Huffman, chair of the task force
- Rep. Harry Brooks (R-Knoxville), chairman, House Education Committee
- David Connor, executive director, Tennessee County Services Association
- Sen. Delores Gresham (R-Somerville), chairman, Senate Education Committee
- Chris Henson, chief financial officer, Metropolitan Nashville Public Schools
- Kevin Krushenski, research analyst, Tennessee Municipal League
- Larry Martin, commissioner, Tennessee Department of Finance & Administration
- Gary Nixon, executive director, State Board of Education
- Larry Ridings, Tennessee School Systems for Equity
- Lynnis Roehrich-Patrick, executive director, Tennessee Advisory Commission on Intergovernmental Relations(TACIR)
- Justin Wilson, Comptroller of the Treasury
- Mark Cate, chief of staff, Governor's Office (ex officio member)

Others Present:

- Karen & John King, Sevier County Schools
- Mary Anne Durski, executive director, Office of Local Finance
- Stephen Smith, assistant commissioner, Tennessee Department of Policy and Legislation
- Ron Woody, Roane County Executive
- Will Ridley, liaison, Senator Ken Yager's office
- Others unknown

Opening Remarks:

Governor Haslam made the following remarks concerning the task force:

- No outcome is predetermined.
- Goal is to have a report/recommendation by end of the year.
- Past formula was based on fulfilling court decision.
- Has been seven (7) years since formula has been reviewed and now is the time for review.

Tennessee Department of Education Presentation by Stephen Smith:

Tennessee Education Funding

Prior to 1992 Tennessee Foundation Program

Small School System lawsuit (Small School I) filed by 77 systems

Funding formula was changed in 1992

1992- Education Improvement Act (EIA)

1993- Decision of Small School I which was addressed in 1992; EIA looked at local government ability to pay

1995- Small School II questioned that teachers' pay was not in formula

2002- Small School III questioned teacher equity pay/ salary equalization

2005- Teacher salary included in the BEP formula at 65%; since 2005 the component of the BEP has increased to 70%, teacher salary should be funded at 75%

Basic Education Program (BEP) has 45 components and money is earned and spending is flexible

Three Areas of BEP:

	State	Local
1. Instruction/Teacher Pay	70%	30%
2. Classroom	75%	25%
3. Non-classroom	50%	50%

Fiscal Capacity- County's ability to pay

1. TACIR
2. CBER/Fox Model

TACIR components based on:

- Per pupil own source revenue
- Per pupil equalized property value
- Per pupil taxable sales
- Per capita income
- Tax burden
- Service burden

CBER/Fox Model components based on:

- Property Assessment
- Sales tax

Current fiscal capacity index is 50% TACIR and 50% CBER. Migration is from TACIR to CBER based on 2007 law. To implement 100% CBER another \$150 million is needed; however, some systems would be held at a 2007 baseline. This means those systems are earning less money under CBER even with the additional \$150 million added to the county/city education systems.

ADM- Average Daily Membership is based on weighted average daily membership during specific months in school year.

Month 2- @ 12.5%

Month 3- @ 17.5%

Month 6- @ 35%

Month 7- @ 35%

This means that students generate positions through the funding formula.

CDF- Cost Differential Factor based on systems having to compete for workers in higher paying areas within the state.

Individual Member Comments: (summarized)

- Insure fair funding that supports academic outcomes
- Some systems have limited central office staff which should be addressed
- BEP components have not evolved over time, *i.e.* technology, central office staffing needs
- BEP components underfunded
- Maybe systems should be divided into groups
- Transparency is needed; understandable and verifiable calculations

- BEP review committee recommendations should be studied
- Funding for English Language Learning students
- Student growth is a year behind
- Need something similar to CDF to identify cost of doing business/cost of living
- Maintenance of Effort understanding and inflationary cost
- Rural vs. Large systems

Recommendations for study:

1. Funding formula in states that do not have a state income tax; also, look at student achievement comparisons.
2. Existing BEP components that have changed over time
3. Balance of state and local capacities as the task force studies other statistics.

Adjournment:

Meeting adjourned at 2:30 CST