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Report Examines Tennessee's Maintenance of Effort in Education Laws

The Comptroller's Offices of Research and Education Accountability (OREA) has released a report that reviews how the laws concerning maintenance of effort for education funding impact the state's school districts.

Maintenance of effort laws ensure that local funds budgeted for schools do not decrease as state funding for schools increases.

County commissions, city councils, and special school districts must budget at least the same total dollars for schools that they did the previous year to comply with maintenance of effort laws. If student enrollment declines, the funding bodies must budget at least the same dollars per student as the previous year. Dollars budgeted for capital projects and debt service are not included in maintenance of effort calculations.

The Tennessee Department of Education is responsible for ensuring that local budgets meet maintenance of effort requirements and may withhold state Basic Education Program (BEP) funds from a school district until its funding body passes a budget in compliance with the laws. The department does not track the number of districts that initially fail to meet maintenance of effort each budget cycle but estimates that each year a handful of districts have to revise their budgets in order to comply. All districts that have initially failed to comply with maintenance of effort requirements have ultimately come into compliance because no local funding body has allowed its school district to operate without BEP state funding for an extended period of time.

Due to their status as new school districts, the six new municipal districts in Shelby County, as well as Shelby County Schools, are all exempt from maintenance of effort compliance until school year 2016-17.

Maintenance of effort laws are often linked to a provision within the BEP known as "required local match." This provision requires local governments to appropriate funds sufficient to fund the local share of the BEP after accounting for the county's fiscal capacity.

For the majority of districts, total local funding levels exceed their BEP local match. In fiscal year 2015, the average rate of local dollars budgeted above the required local match for all districts statewide was 50 percent.

To view the full report online, go to: <http://www.comptroller.tn.gov/OREA/>

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