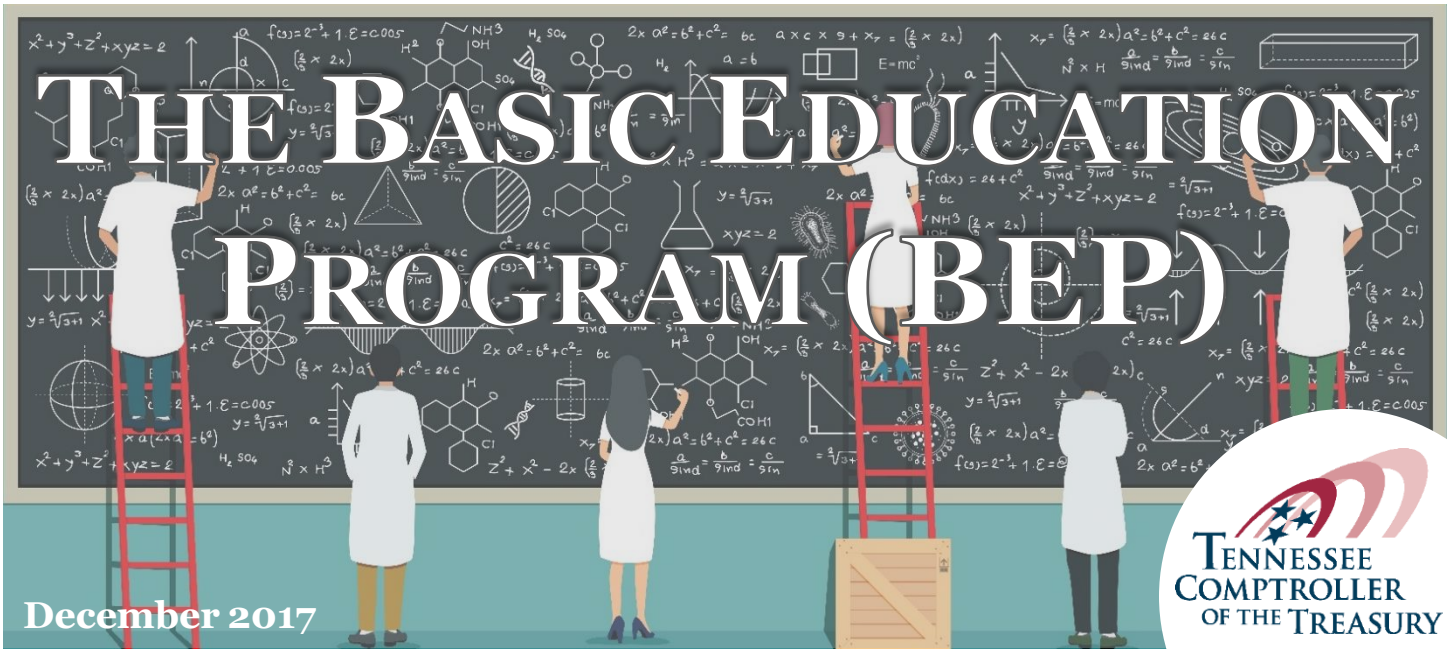

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The BEP

At over $4.5 billion in state funding, the Basic Education Program (BEP), Tennessee's funding formula for K-12 public schools, is a significant portion of the state budget. That's why the Comptroller's Office has repeatedly emphasized the importance of independently verifying the calculation. Now, for the second year, the Comptroller's Office of Research and Education Accountability (OREA) has checked the formula.

What's the bottom line?

OREA found several revision points. Most were negligible and affected only a few districts, but one issue resulted in misallocated funds to 141 of the state's 142 school districts. Due to the inadvertent use of incorrect input data, some districts received overallocations of state funding and other districts received underallocations. To learn more about how specific districts were affected, see the breakdown and detailed report on our website at www.comptroller.tn.gov/orea/bep.

What were the revision points?

Many revision points were technical – elementary schools miscoded as high schools, for example – but the most significant issue involved fiscal capacity. Fiscal capacity helps determine how much money the state sends to a school district and how much local money the district must contribute. Due to a data entry error, old data was used in part of the calculation –

Remind me how the BEP works . . .

The BEP is split into **four main categories** – Instructional Salary, Instructional Benefits, Classroom, and Non-Classroom – which together contain **45 different components** that generate funding.

The formula has two parts: a state share, and a local match that school districts are required to meet. How much state money a district receives and how much local money it must contribute is determined through an "equalization" process that takes into account every county's **fiscal capacity**, or ability to pay for education with local revenue. Counties with higher fiscal capacities receive proportionally less state funding and must contribute more local money than counties with less calculated ability to raise local dollars.

as a result, the state and local share rates changed for nearly all districts.

What happens now?

The Department of Education will make adjustments for the districts with underallocations. The current BEP appropriation includes sufficient funding for these adjustments, as the state budget includes approximately $50 million more than necessary to fund the BEP in fiscal year 2017-18.

The Department of Education states that it has implemented review and verification procedures to ensure that all revision points are addressed.

★ ★ ★

What else is new?

Our updated **BEP Calculator!** It's been said that parts of the BEP are like:

> . . . an old black and white movie where the mad scientist sets some dials on a machine in the basement of the castle, and turns the crank, and it clanks and lights and bells go off, and finally it spits an answer out the bottom.

With our BEP Calculator, *you* can be the mad scientist turning the dials. Last year, the Calculator allowed you to run your own *what if?* scenarios by changing the BEP's unit costs, such as the teacher salary unit cost or insurance premium. This year, our updated BEP Calculator allows you to change the funding ratios for the various positions in the BEP – with this new functionality, you can adjust the number of K-3 classroom teachers, counselors, or other staff funded per student.

Over the past couple of years, you may have heard some discussion about nurses. Right now, the BEP generates one nurse for every 3,000 students, with a minimum of one nurse per district.

So how much would it cost to generate more nurses in the formula? Well, that depends on the *what if?* scenario you choose. Here's what happens to this year's BEP funding when you turn the dials to generate one nurse for every:

2,500 students
+$2.2 million
state funding

2,000 students
+$5.6 million
state funding

1,800 students
+$7.4 million
state funding

But you don't have to take our word for it – when you download our BEP Calculator, you can run all of these numbers yourself!

$6,919,660,000
state and local funding generated by the BEP

=

$4,544,605,000
state BEP funding

+

$2,375,055,000
required local BEP match

142
districts in the BEP

965,717
statewide ADM

$5,348
average state per-pupil BEP funding

6,889
average district ADM

Legislative Updates

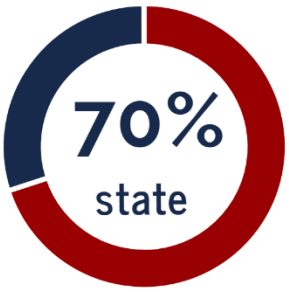
In the fiscal year 2017-18 appropriations act, the funding ratios for **English learner teachers** and **translators** were reduced to **1:20** and **1:200**, respectively. In the previous year, these ratios were funded at 1:25 and 1:250.

The budget included an additional **$100.4 million** to raise the **teacher salary unit cost** from $44,430 to $46,225.

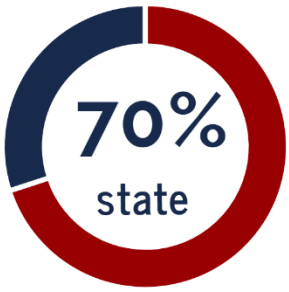
Cost Differential Factor, or **CDF**, which generates additional salary funding for counties with higher-than-average private sector wages, was reduced from 25 percent to **20 percent**.

As set in state law, the state pays varying percentages of each BEP category:

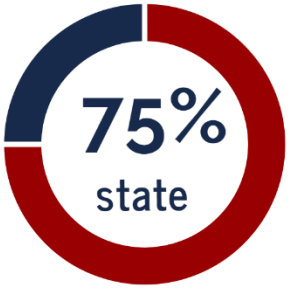
Instructional Salary



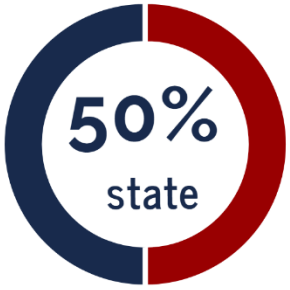
Instructional Benefits



Classroom



Non-Classroom



ADM stands for Average Daily Membership, and is a weighted average of student enrollment counts taken at various times over the course of the school year.

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