



Local Finance Update

2016 Spring Fiscal Workshops

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Agenda

- FY16 Year-end
- Transportation
- FY17 Outlook
- BEP enhancements (overview)
- BEP allocations

Agenda





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FY16 Year-end

FY16 Year-end

- Report due dates are unchanged
 - August 1 for AFR/FER for ALL funds/grants
 - All reporting in ePlan
 - Upload functionality will be available
 - Certifications – FER approval by Fiscal Representative and Authorized Representative (director of schools)
 - Webinar in June to demonstrate year-end reporting in ePlan
- Be mindful of state grants that in the past have not had hard final liquidation dates – Safe Schools, CSH, Pre-K

FY16 Year-end

- Be mindful of state grants that in the past have not had hard final liquidation dates
 - Safe Schools, CSH, Pre-K
 - Report final expenditures through June 30
 - FER may generate a final reimbursement request
 - No “late liquidation” once FER has been completed and approved

FY16 Year-end

- Drivers Education funds
 - Student counts from EIS
 - Will be paid at the end of April
 - \$89.50 per student enrolled

FY16 Year-end

- ConnecTN funds
 - Based on ADMs funded through BEP in FY16
 - Will be paid in May to LEAs outside of the state consortium
 - \$2.69 per funded ADM
 - Consortium members scheduled to be billed prior to June 30

FY16 Year-end

- Career Ladder funds
 - Based on Dec. 1 report in PIRS
 - Will be paid in May

FY16 Year-end

- FY16 Growth funds
 - \$10 million appropriated for growth in FY16
 - Based on actual ADMs for FY16
 - Calculated prior to June 30
 - Final payment to be made at June 30
 - Adjustments will be made to initial estimate
 - Balance of growth payment will be made if earned
 - Funds may be recouped if ADMs changed and growth is no longer earned, or is less than original estimate
 - Notification will be made to directors of schools and finance directors of final amounts

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Transportation

Transportation - Data

- Transportation data is submitted in 3 reports
 - Average Daily Transportation (ADT) report
 - Buses Query
 - Transportation Employees
- ADT report is acknowledged and approved separate from the attendance data
 - On Attendance website
 - ADT period report – acknowledged by 15th of each month
 - Year end ADT - approved by July 15
- Any district that submits any one of the three reports must acknowledge and approve the ADT report
- All transportation data is updated daily
- Data is used to fund transportation in the basic education program (BEP) funding formula

Average Daily Transportation (ADT)

- Average Daily Transportation report (ADT)
 - Students enrolled for transportation
 - Grades K-12
 - Live 1 ½ miles or more from zoned school OR
 - Special education students (all students transported on specially equipped buses are included)
 - Data pulled from EIS – correct coding is critical

District Bus Report

- District Bus Report
 - List of all buses available to transport students
 - Regular, specially-equipped, activity, spare
 - Detailed information for each bus
 - Bus incident information (accidents)
 - Personal injury information

Transportation Employees Report

- Transportation Employees
 - All personnel responsible for transporting students or maintaining fleet
 - Regular drivers
 - Substitute drivers
 - Bus Assistants
 - Mechanics

Transportation - Helpful Hints

- Attendance and transportation departments , within and outside the district, must work together and communicate to insure accurate data is being reported
- Complete transportation extracts as soon as information is known
- Adhere to reporting deadlines, especially the approval deadline, otherwise the districts BEP funding may be affected
 - Acknowledgement – 15th of each month
 - Approval - July 15
- Reconcile and review the reports, monthly
- Approve transportation data before everyone leave for summer break
- Assign one individual that will serve as a liaison to research and answer any reconciliation questions

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FY17 Outlook

New Budget Codes

■ Textbooks

- We are now required to report 'bound' versus 'electronic' textbook information to federal government
 - Object code 430 Textbooks – Electronic
 - Object code 449 Textbooks – Bound
- Use in budget for FY17
- Will be added to ePlan

New Budget Codes

- Technology
 - New expenditure account 72250 'Technology'

 - New object codes
 - Object code 350 Internet Connectivity
 - Object code 470 Cabling
 - Object code 471 Software

 - Will have full array of object codes

 - Use in budget for FY17

 - Will be added to ePlan

Legislative News

- Current law – PC 170, Acts of 2015
 - Budgets due July 1
 - By law – automatic continuation through August 31
 - No continuation resolution necessary
 - Can extend through September 30 ONLY in extraordinary circumstances – not likely to be approved by Comptroller
 - Can spend no more than what spent in the same month in preceding fiscal year
 - No spending authority after August 31
 - BEP funds withheld if no budget by October 1
 - <http://www.comptroller.tn.gov/repository/sl/NewsAndUpdates/countycontinuationbudgetguidance.pdf>

Legislative News

- SB2128 / HB 2087
 - If budget not approved by August 31
 - Requires the county board of education budget to be set at minimum maintenance of effort level
 - If disagreement continues for three consecutive years a three percent increase is required
 - Waiting for governor's signature

Legislative News

- SB2111 / HB 2410
 - Gap insurance policies
 - Benefits Administration will address this issue
 - Sent to summer study

Legislative News

- SB2565 / HB 2574
 - BEP enhancements
 - Discussed later in presentation
 - Signed into law

FY17 State Budget

- Governor's budget as amended
- Total department budget – \$6,002,916,800
 - State funds - \$4,763,852,000
 - Federal funds - \$1,114,013,000
 - Other sources - \$ 125,051,800

 - BEP - \$4,438,098,000

 - 94% of department revenue passed through to LEAs

FY17 BEP

- BEP formula funded as calculated, with improvements
- Total additions to BEP in FY17 - \$223,065,000
 - \$104,600,000 – salaries for teachers and other LEA positions
 - \$48,000,000 – ADM growth and inflationary unit cost increases
 - \$29,480,000 – 12th month health insurance premium
 - \$15,000,000 – technology improvement
 - \$13,901,000 – English Learner support
 - \$4,801,000 – Special education funding options revised
 - 6,483,000 – Other formula adjustments

FY17 State Budget

- Other additions to state budget
 - \$9,008,000 - Statewide Literacy Coaching and Intervention Initiative
 - \$1,000,000 - Kindergarten Entry Screener
 - \$3,100,000 – Professional Development – ELA and math standards training
 - \$7,364,100 - Assessments

FY17 State Budget

- Other additions to budget (continued)
 - Additional \$9 million for growth – total is \$19 million
 - \$15 million for 6.1% (estimated) medical insurance premium increase effective Jan. 1, 2017
- Extended Contract NOT funded

FY17 State Budget

- Other budget items
 - \$15 million for Coordinated School Health
 - \$4.6 million – Safe Schools
 - \$3 million for Family Resource Centers
 - \$2.8 million for ConntecTN

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BEP Enhancements

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Background/History

- BEP enacted in 1992 in response to a successful legal challenge by many of the state's small schools
- In 2007, General Assembly adopted revisions to the BEP (BEP 2.0), establishing new funding goals and setting the state on a new path of determining distribution of funds
- Much debate and discussion since BEP 2.0 adoption – both around funding and distribution
- Over the last two years, through BEP Task Force, BEP Review Committee and other means, the administration has studied the BEP extensively

Background/History

- While it was clear all school districts support more funding, it was also clear there was no consensus on how the funding should be divided

Funding Improvements

- Since 2011, Governor Haslam and the General Assembly have partnered to improve the BEP by a half billion dollars, including \$240 million for teacher salaries
- Since 2011, the state ranks in the Top 10 of all states in terms of our percentage increase in state spending for K-12 education
- We had an opportunity to continue this momentum this year and the budget, along with companion legislation, took advantage of this opportunity

FY 17 BEP Funding Improvements

- **\$223 million** total BEP improvement – the 2nd largest increase in the history of the BEP and the largest without a tax increase
- Funding amount exceeds that necessary to fully implement BEP 2.0

FY 17 BEP Funding Improvements - Specifics

- Almost **\$105 million** for teacher salaries – the 2nd largest increase in the history of the BEP and the largest without a tax increase
- Nearly **\$30 million** for the 12th month of insurance
- **\$15 million** for technology
- **\$14 million** for ELL teachers/translators
- **\$5 million** for special education
- **\$48 million** for enrollment growth/inflation

Equity

- Present law (BEP 2.0) provides for the full implementation of the CBER fiscal capacity or funding distribution model
- Due in part to ongoing debate as well as available revenue, the BEP utilized and equally weighted two funding distribution models – the pre BEP 2.0 model (TACIR) and the post BEP 2.0 model (CBER)
- After extensive study and review, the administration determined, and research has confirmed, that the current use of both models results in a fair, equitable and reasonable distribution of funds

Legislation

- Legislation has been introduced to implement the funding improvements in the budget
- In addition, the legislation will codify the current method of distribution – TACIR and CBER
- Existing state and local sharing will continue – 70 percent instructional, 75 percent classroom, 50 percent nonclassroom

Why is legislation necessary?

- Law prior to this legislative session called for full implementation of BEP 2.0 as funding is made available through the appropriations act
- The Tennessee Supreme Court has been clear in its decisions – the state must ensure equity in its funding formula
- BEP 2.0 results in outcomes that benefit a very few districts at the expense of many – with the plaintiffs from the Small Schools lawsuits benefitting the very least
- No district will lose the benefit gained to date from BEP 2.0; rather the legislation simply codifies the distribution practice that has existed for the past nine years while infusing record funding into the formula

Legislation – Other Items

- At-risk definition change to account for federal school nutrition changes – direct certification
- Condensing current 10 SPED options to four to remove funding disincentive to placing students in less restrictive environments
- Cost differential factor revisions
 - Current law (BEP 2.0) calls for the elimination of CDF
 - Presently funded at 50 percent
 - Administration proposal funds CDF at 25 percent with phase out as new funds are invested in salaries

Cost Differential Factor (CDF)

- Add-on to the formula that provides additional funds to districts with nongovernmental wages above the state average
- Subject of considerable debate since inception of BEP
- Since 2011, \$316 million has been expended on CDF with 90 percent of these funds going to three school districts – Shelby, Davidson and Williamson
- All other districts in the state pay for CDF – for example, to continue to fund CDF at 50 percent, the state would have to reduce the proposed funds for salary improvements by nearly \$30 million

Why are changes to CDF necessary?

- CDF negatively impacts equity
- CDF is not sustainable in its current form – with continued large investments in salary, CDF could top \$100 million within five years resulting in fewer dollars available to provide salary increases for all teachers in the state

Legislation – Other Items

- Provides that funds earned through the salary component must be spent on salaries and wages unless the LEA's weighted average teachers salary exceeds the statewide average, in which case funds may also be spent on benefits
- Removes rounding from the formula to ensure each student entering or leaving the district will impact funding

Legislation – Other Items

- Removes early graduation penalty
 - Early graduates will be coded in EIS and included in funding for following year
 - Code will be used beginning in FY2016-17
 - Included in funding in FY 2017-18
- Directs the commissioner to develop a standardized system of school-level funding reporting

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BEP Allocations

BEP Allocations

- Allocation and How To Sheets revised according to new legislation
- Now 4 categories
 - Instructional salaries
 - Instructional benefits
 - FICA
 - Medicare
 - TCRS
 - Medical Insurance
 - Classroom
 - Non-classroom

BEP Allocation Sheet

Basic Education Program Allocation 2016-2017 April Estimate

Instructional Salaries Funding

Total Full Funding - Instructional			\$8,502,000
Less: Required Local Matching Funds 24.30%			2,066,000
State Share of Instructional Funding 75.70%	✔	(1)	\$6,436,000

Instructional Benefits Funding

Total Full Funding - Instructional			\$2,538,000
Less: Required Local Matching Funds 24.30%			617,000
State Share of Instructional Funding 75.70%	✔	(2)	\$1,921,000

Classroom Funding

Total Full Funding - Classroom			\$2,779,000
Less: Required Local Matching Funds 20.24%			563,000
State Share of Classroom Funding 79.76%	✔	(3)	\$2,216,000

Non-Classroom Funding

Total Full Funding - Non-Classroom			\$5,194,000
Less: Required Local Matching Funds 39.35%			2,044,000
State Share of Non-Classroom Funding 60.65%	✔	(4)	\$3,150,000

BEP Allocation Sheet

- Minimum funding
 - Combines and replaces old baseline and stability
 - Greater of
 - What is generated for current year OR
 - What was generated in FY16 plus mandatory increases for current year
 - FY16 amount will be adjusted for loss of ADMs
 - Avoids funding students who are no longer enrolled
 - Adjustments to staffing/budget will have to be made more quickly – e.g. if losing students in FY2016-17, adjust for FY2017-18 budget

BEP Allocation Sheet

Classroom Funding

Total Full Funding - Classroom		\$2,293,000
Less: Required Local Matching Funds 14.67%		336,000
State Share of Classroom Funding 85.33%	✓ (3)	\$1,957,000

Non-Classroom Funding

Total Full Funding - Non-Classroom		\$5,076,000
Less: Required Local Matching Funds 26.55%		1,348,000
State Share of Non-Classroom Funding 73.45%	✓ (4)	\$3,728,000

Total State BEP Funding Allocation (1) + (2) + (3) + (4) **\$12,964,000** ✓ (5)

Plus Additional Minimum Funding **\$213,000**

BEP Allocation is Minimum Funding Provision **\$13,177,000**

BEP Allocation Sheet

- Additional information on allocation sheet
 - Weighted ADMs
 - Weighted CTE ADMs
 - Weighted Special Education ADMS
 - Both FY15 and FY16 shown
 - Compare to each other – may explain increase/decrease in funding
 - Compare to EIS to resolve discrepancies

BEP Allocation Sheet

- Additional information on allocation sheet
 - BEP instructional salary
 - FY16 and FY17
 - BEP component for funding
 - NOT related to state average salary or state minimum salary schedule

BEP Allocation Sheet

- Additional information on allocation sheet
 - Weighted average salary data (FY15)
 - Statewide weighted average salary
 - System weighted average salary
 - If system weighted average salary less than statewide weighted average, new instructional salary funds may be used **only** for salary and wages
 - Amount of new instructional funding that must be used for salaries is shown on Allocation sheet

BEP Allocation Sheet

Additional Information

Student Counts (Weighted average of months 2,3,6, and 7)	2015-16	2014-15
Total ADMs	3,676	3,671
Career and Technical ADMs Served	256	225
Special Education ADMs Identified and Served	729	721
Basic Education Program Instructional Salary	\$44,430	\$42,065
System Weighted Average Salary	\$41,042.54	
Statewide Weighted Average Salary	\$43,216.02	
Required Instructional Salary Budget Increase	\$445,000	

BEP Allocation Sheet

- Additional information on allocation sheet
 - If system weighted average salary greater than statewide weighted average, new instructional funds may also be used for benefits

BEP Allocation Sheet

Additional Information

Student Counts (Weighted average of months 2,3,6, and 7)	2015-16	2014-15
Total ADMs	2,768	2,723
Career and Technical ADMs Served	281	119
Special Education ADMs Identified and Served	524	555
Basic Education Program Instructional Salary	\$44,430	\$42,065
System Weighted Average Salary	\$45,014.37	
Statewide Weighted Average Salary	\$43,216.02	
Required Instructional Salary Budget Increase	\$0	

BEP Allocation Sheet

- Fiscal capacity indices
 - TACIR
 - CBER
 - Blended rate (TACIR 50%, CBER 50%)

BEP Allocation

Fiscal Capacity Indices

TACIR Index	0.735%
CBER/Fox Index	0.820%
TACIR 50% & CBER 50%	0.778%

How To Sheet

- 4 Sections – to match allocation sheet
- Rounding removed from calculation of positions
- Special education options condensed to four funding ratios
- ESL 1:25 teachers; 1:250 translators – funding ratios
- Separate Instructional Benefits section

How To Sheet

- Classroom – At Risk
 - At risk determined by direct certification numbers from EIS
 - Unit cost increased to \$842.57
 - Coding of direct certification students in EIS is critical – talk with your Attendance department to ensure correct data is input

Student Coding

- If students are coded incorrectly **OR** not at all, this affects FUNDING and ACCOUNTABILITY!
- A student can be classified using multiple codes.
 - A student may be in a CEP eligible school and be migrant. The student would have multiple student classifications and would be coded as “3” AND “I” in the LEA student information system.

Student Coding

Student classifications will be used to define the ED subgroup for Finance and Other Purposes

Classification	Description	2015-16 ED Accountability Subgroup (Y/N)	2015-16 Poverty Definition for Finance and Other Purposes (Y/N)
X	Free Lunch	N	Y
Y	Reduced Lunch	N	Y
3	CEP Eligible	N	Y
J	Direct Certification	Y	Y
H	Homeless	Y	Y
I	Migrant	Y	Y
U	Runaway	Y	Y
L	Pre-K EconDis	N	Y
E	Headstart Fund	N	Y

How To Sheet

- Classroom – Technology
 - BEP amount increased to \$40 million
 - First increase since adoption of BEP
 - Not earmarked for technology – funds may be used in the instructional salary instructional benefits or classroom component

How To Sheet

- Non-classroom
 - Other salaries increased (in addition to increases in certified salaries)
 - No other changes to non-classroom component

State Minimum Salary Schedule

- State board must approve minimum salary schedule
- State Board to have special called meeting the week of May 23
- Will decide whether or not to increase state minimum salary schedule and by how much

State Minimum Salary Schedule

- No prescribed across the board increases for certified staff
- Districts have flexibility to use additional salary dollars for
 - Steps
 - Salary schedule increases
 - Bonuses
 - Differentiated pay
 - New positions
- Must only meet minimums on state salary schedule

Salary Equity Funds

- \$14.5 million allocation in FY17 – same as in FY16
- Same districts will receive same amounts as in FY16
- Must be used for salaries of existing positions – NOT to create/fund new positions

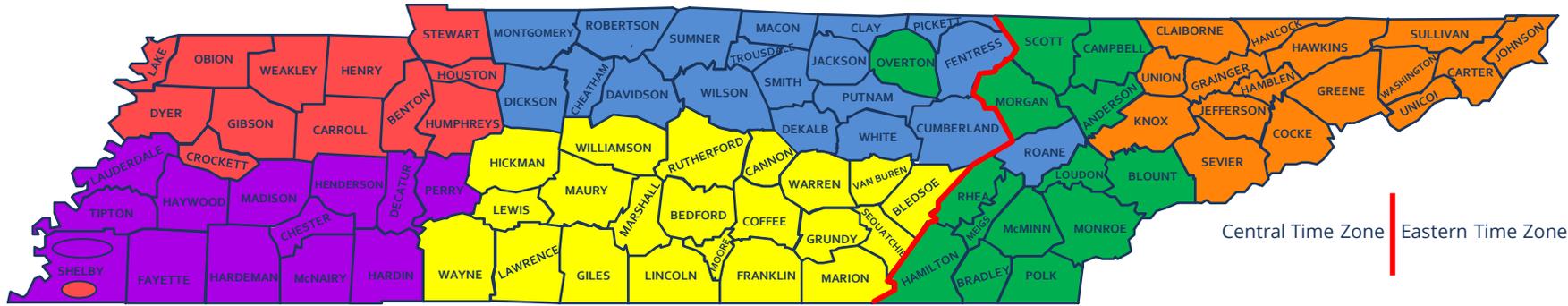
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120 Chester 200 Decatur 240 Fayette 350 Hardeman 360 Hardin 380 Haywood 390 Henderson 391 Lexington (PK-8) 490 Lauderdale 550 McNairy 570 Madison 680 Perry 792 Shelby 793 Arlington 796 Germantown 794 Bartlett 798 Millington 795 Collierville 797 Lakeland 840 Tipton 960 West TN School for Deaf	030 Benton 090 Carroll 092 Hollow Rock-Bruceton 093 Huntingdon 094 McKenzie 095 South Carroll 097 West Carroll 170 Crockett 171 Alamo (PK-6) 172 Bells (PK-5) 230 Dyer 231 Dyersburg City 275 Gibson 271 Humboldt City 272 Milan SSD 273 Trenton 274 Bradford SSD 400 Henry 401 Paris SSD (K-8) 420 Houston 430 Humphreys 480 Lake 660 Obion 661 Union City 810 Stewart 920 Weakley 985 ASD	110 Cheatham 140 Clay 180 Cumberland 190 Davidson 210 DeKalb 220 Dickson 250 Fentress 440 Jackson 560 Macon 630 Montgomery 690 Pickett 710 Putnam 730 Roane* 740 Robertson 800 Smith 830 Sumner 850 Trousdale 930 White 950 Wilson 951 Lebanon SSD (PK-8) 970 Dept of Children's Serv. 971 Dept of Corrections 963 TN School for the Blind 961 York Institute (9-12) * Dustin Winstead, Fiscal	020 Bedford 040 Bledsoe 080 Cannon 160 Coffee 161 Manchester (PK-8) 162 Tullahoma 260 Franklin 280 Giles 310 Grundy 410 Hickman 500 Lawrence 510 Lewis 520 Lincoln 521 Fayetteville 580 Marion 581 Richard City 590 Marshall 600 Maury 640 Moore 750 Rutherford 751 Murfreesboro (PK-6) 770 Sequatchie 880 Van Buren 890 Warren 910 Wayne 940 Williamson 941 Franklin SSD (PK-8)	010 Anderson 011 Clinton (PK-6) 012 Oak Ridge 050 Blount 051 Alcoa City 052 Maryville 060 Bradley 061 Cleveland 070 Campbell 330 Hamilton 530 Loudon 531 Lenoir City 540 McMinn 541 Athens City (PK-9) 542 Etowah City (K-8) 610 Meigs 620 Monroe 621 Sweetwater (PK-8) 650 Morgan 670 Overton* 700 Polk 720 Rhea 721 Dayton City (PK-8) 760 Scott 761 Onieda * Rob Mynhier, Fiscal	100 Carter 101 Elizabethton 130 Claiborne 150 Cocke 151 Newport City (K-8) 290 Grainger 300 Greene 301 Greeneville 320 Hamblen 340 Hancock 370 Hawkins 371 Rogersville (K-8) 450 Jefferson 460 Johnson County 470 Knox 780 Sevier 820 Sullivan 821 Bristol 822 Kingsport 860 Unicoi Co 870 Union Co 900 Washington 901 Johnson City 964 East TN School for Deaf

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