



State Department Finance Update

TASBO Conference

November 13, 2016



Districts and schools in Tennessee will exemplify excellence and equity such that all students are equipped with the knowledge and skills to successfully embark on their chosen path in life.

Excellence | Optimism | Judgment | Courage | Teamwork



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Topics

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- FY17 Budget
- FY18 Budget
- Monitoring
- ESSA fiscal reporting changes
- Questions for TDOE



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FY17 Budget

FY17 Budget

- Significant amount of new funding through the BEP
 - \$223,065,000 new dollars
 - Salary component increased from \$42, 065 to \$44,430
 - 12th month health insurance
 - English language learner teacher and translator ratios reduced
 - Technology component increased to \$40 million
 - Special Education funding options condensed
 - Increased funding for unit cost increases and statewide student growth in enrollment

FY 17 Budget

- January insurance adjustment to BEP
 - January revised allocations will be calculated and emailed to districts in December
 - 6.1% average premium increase will be reflected in January payment
 - Any additional funding as a result of plan migration during open enrollment will be included as well
 - Districts have been provided a range of additional funding to expect in January

Career Ladder

- Career Ladder payment #1 is in process now
- Teacher data taken from last year's PIRS December 1 report
- Reserve data taken from FY16 State Funds FER in ePlan
- Balance will be paid in late April 2017 with data taken from current year PIRS December 1 report

Drivers Education Funds

- Student count of drivers ed students taken from EIS
- Be sure students are scheduled for the drivers ed course code so they are included in funding
- Payment will be made at end of year when funds are available
- Funding is from traffic fines

Growth Funding in FY17

- Growth funding
 - \$19 million appropriated for growth in student numbers
 - Projected to fund growth over 1%
 - Will re-run formula based on current year ADMs from EIS
 - Estimated payment to be made at end of January
 - Final growth to be determined at end of year using weighted ADMs from months 2, 3, 6 and 7
 - Final payment to be made by June 30, 2017

IEA Program

- IEA program begins January 2017
 - Funds will be transferred from districts to participating students/parents' accounts
 - Transfer of funds will be in January and April
 - Amounts will be deducted from January and April BEP payments to districts
 - Annual amount of IEA payment per student listed on FY17 BEP allocation sheet

At-risk Funding in BEP

- Definition of at-risk is now those students who meet the direct certification eligibility guidelines.
 - Student or family participate in state or federal assistance programs
 - Supplemental Nutrition Assistance Program (SNAP)
 - Temporary Assistance for Needy Families (TANF)
 - Head Start
 - Also students who are:
 - Homeless
 - Migrant
 - Runaway

At-risk Funding in BEP

- Student should be marked for ALL applicable classifications
 - J- direct certification
 - H - Homeless
 - I - Migrant
 - U – Runaway
- Students may be marked for multiple classifications

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At-risk Funding in BEP

- Number of direct cert students will be lower than the number of free and reduced price lunch students
- Per pupil unit cost for at-risk was increased in the FY17 budget to account for this
 - Unit cost increased from \$542.27 to \$842.57
- Many districts saw a change in the amount of at-risk funding received in FY17
- Be sure students have correct classification code(s) to ensure funding is generated



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FY18 Budget

FY18 Budget

- State has begun budget process for FY18
- Very preliminary stages of the process
- Education hearing before the governor Nov. 8, 2016
 - BEP request for \$58.7 million
 - Unit cost increases due to inflation
 - Anticipated statewide growth in student enrollment

BEP Review Committee Recommendations

- BEP Review Committee recommendations
 - Sustained commitment to educator compensation
 - Commitment to increase teacher salaries at a faster rate than any other state in the country

BEP Review Committee Recommendations

- Funding for English Learner Supports
 - Increase appropriations to fund ratios of 1:20 and 1:200 teachers and translators as set forth in TCA 49-3-307
 - Increase appropriations to fund ratios of 1:20 and 1:200 as set in TCA 49-3-307 (a)(1)(B)(7)

BEP Review Committee Recommendations

- Funding for Guidance Counselor Ratio Improvement
 - Move towards national best practice of 1:250 ratio
 - Begin by decreasing current ratios to 1:400 (elementary) and 1:300 secondary

BEP Review Committee Recommendations

- Funding for Response to Instruction and Intervention (RTI) Positions
 - No current funding generated by RTI
 - Report suggests 1:1000 ratio

BEP Review Committee Recommendations

- Sustained Commitment to enhancing School Technology
 - Increase technology component in BEP formula to \$60 million
 - Alternative method to provide additional technology funds outside of the BEP formula

FY18 Budget

- Early graduate penalty removed
 - Effective for funding the FY2017-18 school year
 - Student code “12” to be changed so that the student is included for funding, but not accountability or attendance
 - No change at the LEA level – continue to use current code “12” to indicate an early graduate



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Monitoring

Monitoring

- Two forms of fiscal monitoring in FY17
 - Formal joint fiscal monitoring, in some districts in collaboration with CPM and program monitoring
 - 17 to be monitored for fiscal compliance
 - 7 in collaboration with CPM, 10 fiscal only
 - Visits will occur September through March
 - Fiscal instrument located in TDOE Resources in ePlan
 - Monitors will not be your fiscal consultant – independent view of district

Monitoring

- Two forms of fiscal monitoring in FY17
 - Information quarterly monitoring
 - Fiscal only
 - Expect to be visited twice this year (unless scheduled for formal monitoring visit)
 - No finding – process of continuous improvement
 - New this year – reconciliation of ePlan to General Ledger in accounting software



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ESSA fiscal reporting changes

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- ESSA changes many aspects of the current ESEA programs
 - School Improvement
 - Title IV (new)
 - Identification of schools
 - Alternate assessments
 - Supplement not supplant

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 - ***Per pupil expenditures for federal, state and local funds by LEA and by school***

Per pupil expenditures by school – draft regs

- Annual Report Card – per pupil expenditures (200.35)
- Must report for each LEA and each school served by the LEA:
 - Current expenditures per pupil from federal, state and local funds for the preceding year
 - In the aggregate (in total federal, state and local funds)
 - Disaggregated by source of funds
 - Federal
 - State and local combined
- Uniform set of statewide procedures to calculate LEA-level and school-level expenditures per pupil

Per pupil expenditures by school – draft regs

- Uniform set of statewide procedures to calculate LEA-level and school-level expenditures per pupil
 - Numerator must include actual staff salaries and actual non-personnel expenditures including:
 - Administration, instruction, instructional support, student support services, pupil transportation, operation and maintenance of plant, fixed charges, preschool, and net expenditures to cover deficits for food services and student body activities.
 - **But not including** community services, capital outlay and debt service
 - Denominator consists of the aggregate number of students in elementary and secondary schools on October 1.

Per pupil expenditures by school

- This will pose challenges for state and school districts
 - Capacity to identify school-level expenditures?
 - Allocation of expenditures not tied directly to a school?
 - Where to collect data at state level?
- Work group will be formed to assist state in developing the calculation
- Required for reporting for the 2017-18 school year (next year!)



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Questions for TDOE

FRAUD, WASTE, or ABUSE

Citizens and agencies are encouraged to report fraud, waste, or abuse in State and Local government.

NOTICE: This agency is a recipient of taxpayer funding. If you observe an agency director or employee engaging in any activity which you consider to be illegal, improper or wasteful, please call the state Comptroller's toll-free Hotline:

1-800-232-5454

Notifications can also be submitted electronically at:

<http://www.comptroller.tn.gov/hotline>