

MEMO

February 2021

District Usage of New Instructional Salary Funds for SY 2019-2020

Overview

Under T.C.A. § 49-3-306(b)(4)(C)(ii), local education agencies (LEAs) are required to report to the department how any additional state funding for instructional salaries and wages are utilized. To collect this information, the department surveyed all LEAs following the completion of the final expenditure report process, requesting information on the use of new instructional salary funds provided by the state. This report captures the highlights of the survey results and is provided to the Basic Education Program (BEP) Review Committee as an addendum to the annual report.

2019-20 Context

For the 2019-20 school year, Governor Lee proposed and the Tennessee General Assembly appropriated additional funds for instructional salaries and related expenses through an increase to the basic education program (BEP). The \$71,250,000 budget increase continued a trend of strong investments in educator compensation since the passage of the 2016 BEP Enhancement Act. This new funding correlated to a 2.5% increase in the overall BEP funding for instructional salaries and generated an increase in the required local match funds. To further promote ongoing compensation improvements, the base of state's minimum salary schedule for teachers was also increased to \$36,000, representing a 2.9% increase in from the prior year.

Survey Administration and Results

The survey captured how LEAs implemented the increase in instructional funding by focusing on identifying specific strategies used and how many strategies were employed by each district. Due to COVID-19 disruptions in the 2019-20 and 2020-21 school years, many districts experienced delays in final expenditure reporting which occur each year during the fall. As a result and to allow more time for districts to report, the department administered this survey in late December 2020 and accepted responses from districts through January 2021.

In all, of the 141 traditional LEAs in Tennessee that receive BEP funding, 121 responded to the survey to provide their strategies for utilizing new instructional funds for the 2019-2020 school year. The survey provided districts the following options to define their strategies:

1. **Increase to Salary Schedule** – an overall increase to amounts on the salary schedule
2. **Salary Schedule Step Increases** – moving employees with one or more years of experience on the local salary schedule
3. **Differentiated Pay** – increases or funding related to implementing the districts' differentiated compensation plan
4. **Bonus Payments** – one-time payments made as bonuses

5. **Covering Additional Positions** – using the funding to cover additional positions that already exist with the new salary funds (e.g. positions previously noted as additional to those funded in the BEP”)
6. **Adding Additional Positions** – using the funding to add new positions that did not previously exist (e.g. expanding LEAs staff capacity)

The table below captures the number of districts citing the use of each strategy with the newly available funds. Please note, districts were encouraged to report multiple strategies if applicable.

Table 1: Compensation & Staffing Strategies Used by LEA

Strategy	# of LEAs Using	% of Responses
Increase to Salary Schedule	80	66.12%
Salary Schedule Step Increases	71	58.68%
Differentiated Pay	21	17.36%
Bonus Payments	16	13.22%
Covering Additional Positions	15	12.40%
Adding Additional Positions	13	10.74%

More than half of all LEAs reported that they either used the new instructional funds to provide overall increases to the salary schedule or salary schedule step increases, reflecting that the primary uses of these funds supported existing compensation strategies and additional funds to educators. The third most frequently used strategy, differentiated pay, varies by district plans. The most common disbursements reported were based on hard to staff positions (43%), additional leadership or mentor responsibilities (24%), and merit pay (19%).

A majority of districts also reported using the additional funds to support multiple strategies for compensation improvements as they sought to meet multiple needs and goals unique to local context.

Table 2: LEAs Using Multiple Strategies

Number of Strategies Implemented	# of LEAs
1	55
2	35
3	14
4	6
5	5

Of the LEAs using a single strategy:

- 58% provided increases to the salary schedule.
- 35% provided funds for step increases.
- No district reported covering additional positions as the sole strategy employed.
- Only one district reported adding additional positions as its only strategy in using these state funds.

Of the LEAs employing multiple strategies:

- 68% used at least the combination of salary schedule increases and step increases.
- 32% included differentiated pay into the strategy set.
- 25% included bonus payments into the strategy set.

Whether employing a single strategy or multiple strategies, LEAs report prioritizing improvements to salary schedules as a primary use of additional state funds.

Conclusion

In disbursing the additional instructional salary funds provided to LEAs in 2019-20, districts reported using strategies to implement existing compensation strategies (step increases or differentiated pay), provide additional funds to educators (salary schedule increases or bonuses), and extend fiscal or staffing capacity (covering or adding additional positions). While districts' decisions on how to use additional funds were based in local contexts a majority leveraged funding to provide additional compensation to educators.