



TACIR

The Tennessee Advisory Commission
on Intergovernmental Relations



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MEMORANDUM

TO: Commission Members

FROM: Cliff Lippard *Cliff*
Executive Director

DATE: 11 December 2019

SUBJECT: House Bill 971/Senate Bill 1075 (Local Revenue and Services)—Second
Interim Report Executive Summary for Discussion

The attached executive summary is submitted for your review and comment. It was prepared in response to a recommendation of the Commission's local government members. Given the importance of public K-12 education both as a primary function of government and as a driver of expenditures, the Commission's local government members recommended on January 31, 2019, that the Commission research public K-12 education services and funding in Tennessee to identify what services local governments provide, and how those service are funded. On February 1, 2019, the Commission approved an amended research plan to produce a second interim report focusing on K-12 education services and funding as part of the Commission's comprehensive study of the duties of cities and counties under state law and the funds the state provides to comply, which was requested by the House Finance, Ways and Means Committee during its discussion of House Bill 971 by Representative Sargent in the 110th General Assembly. The full report will be presented at the January Commission meeting.

The draft executive summary explains that meeting local needs and the requirements imposed by the state and federal governments often requires more resources than the Basic Education Program (BEP) funding formula alone provides. Consequently, state and local funding in fiscal year 2017-18 totaled \$2.1 billion over and above what was required by the BEP formula, including a total of \$1.7 billion in local revenue. Given the ever evolving needs of communities in Tennessee and the likelihood that the (BEP) funding formula could better account for these needs, **the Commission recommends a**

comprehensive review of the components be made by the BEP Review Committee or other designated state and local officials and other stakeholders to ensure that the BEP funding formula supports a commonly accepted basic level of education for Tennessee students. Senior Research Associate Michael Mount will present the draft executive summary.

Included with the draft executive summary are draft Attachments A-K. The attachments include tables and figures on education expenditures (A-C), education revenue (D-F), state and local BEP funding (G), state laws on school system services and personnel (H), the number of BEP generated positions compared to the number of positions reported by school systems (I), and BEP Review Committee recommendations (J). Attachment K includes an analysis of TACIR's survey results on out-of-district students enrolled by school systems, which was conducted in response to a request by Mayor Bickers at the September 2019 Commission meeting regarding students who pay tuition. Research Associate Emma Johnson will present Attachments H and I.