



**Intergovernmental Finance in  
Tennessee Part I**  
*The BEP and the Financing of  
K-12 Education*

Presented by  
Lynnise Roehrich-Patrick  
Executive Director  
Tennessee Advisory Commission on Intergovernmental  
Relations

# Annual Spending on Elementary and Secondary Education

## Nationally

o \$550 billion

o \$10,658 per student.

## In Tennessee

o *Close to \$9 billion*

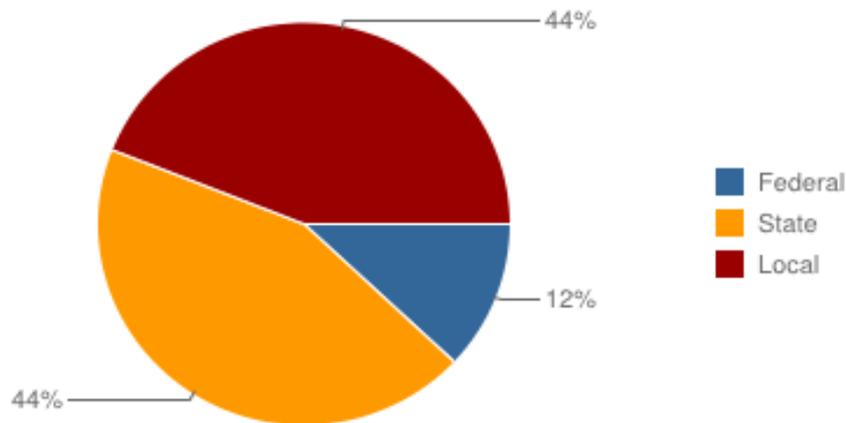
o *\$8,484 per student*

# Funding Elementary and Secondary Education

Nationally

In Tennessee

Elementary and Secondary Education Funding  
Fiscal Year 2011



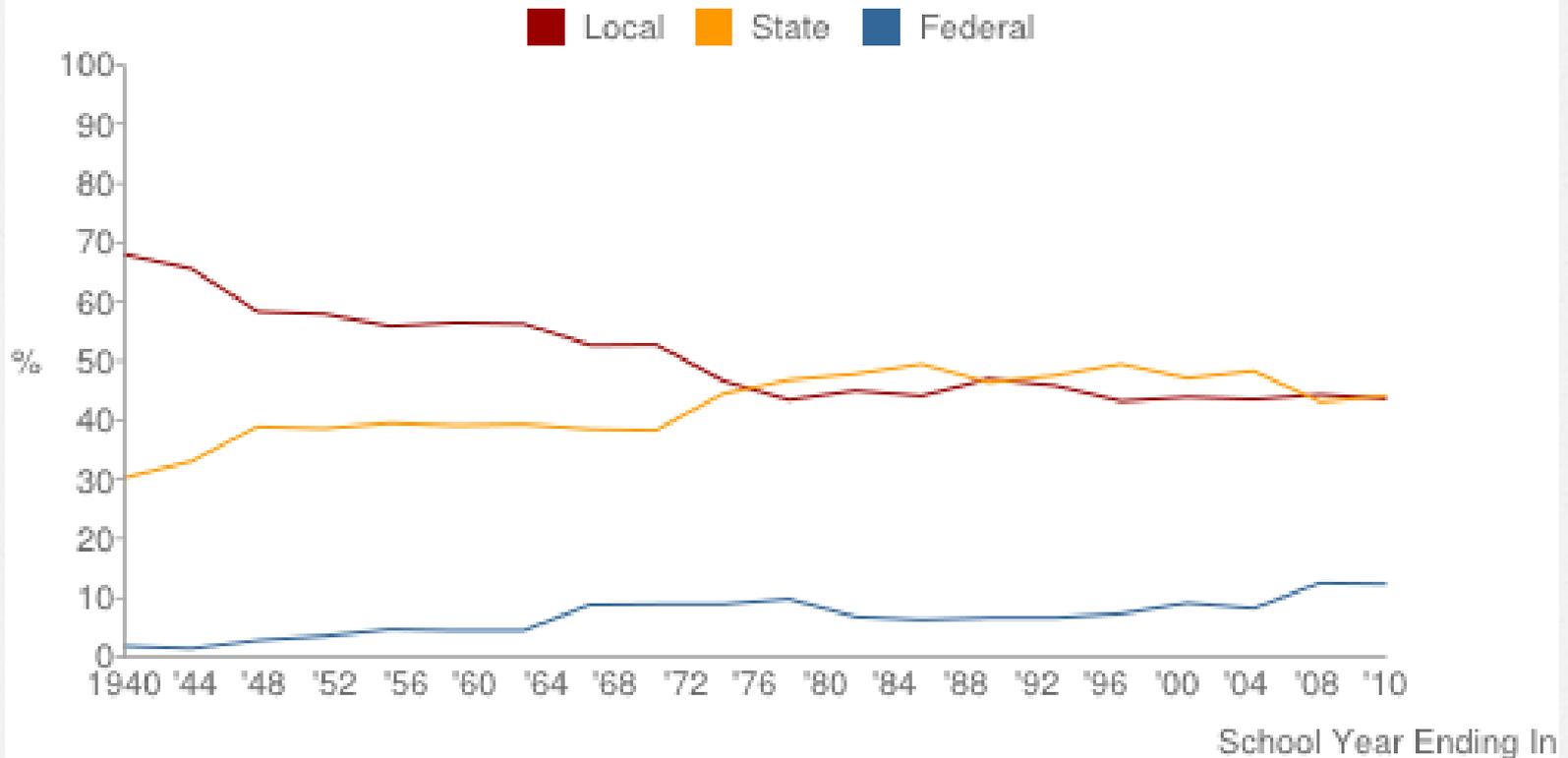
13.6% Federal

45.1% State

41.4% Local

# Funding Elementary and Secondary Education

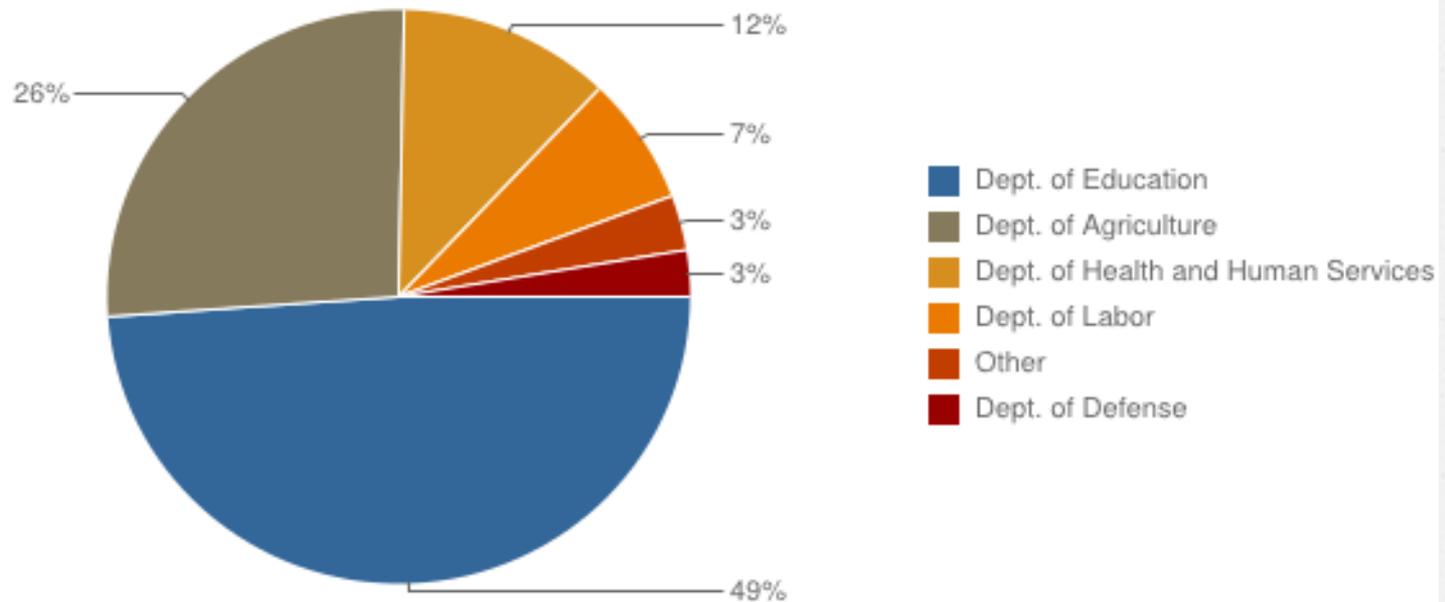
Share of Public Elementary and Secondary School Revenue



# Federal Funding for Elementary and Secondary Education

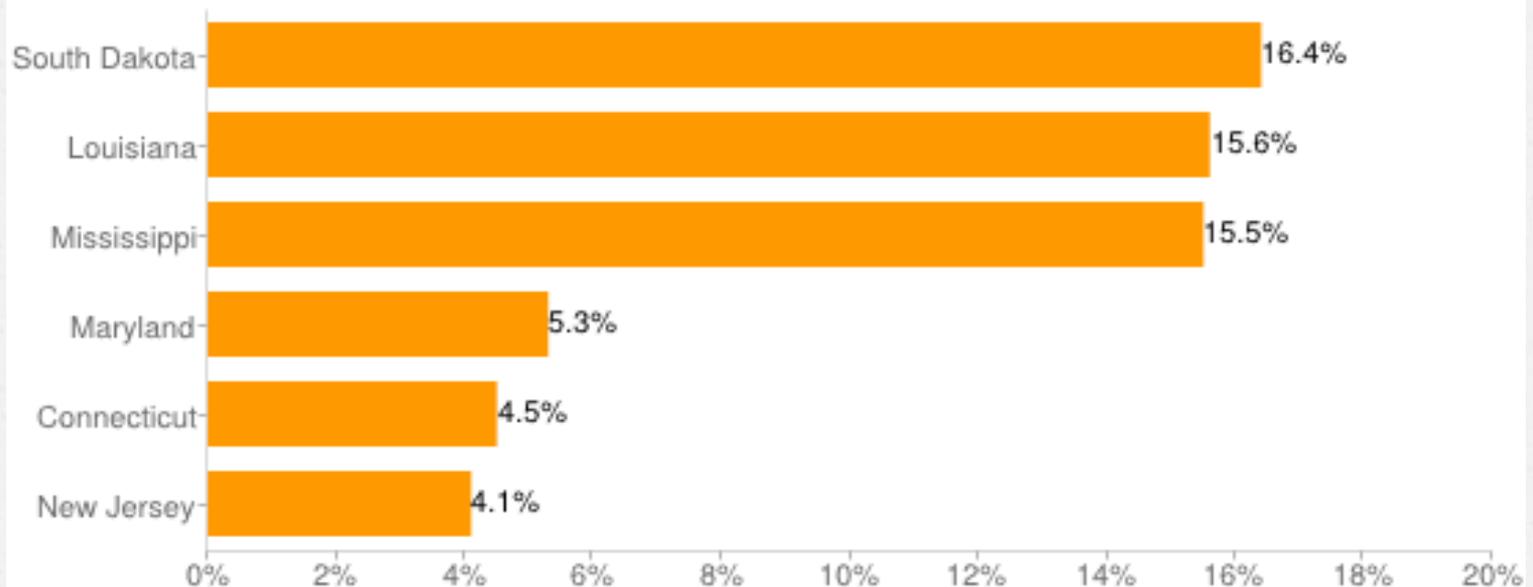
Federal Funding for Elementary and Secondary Education

By Agency, Fiscal Year 2011



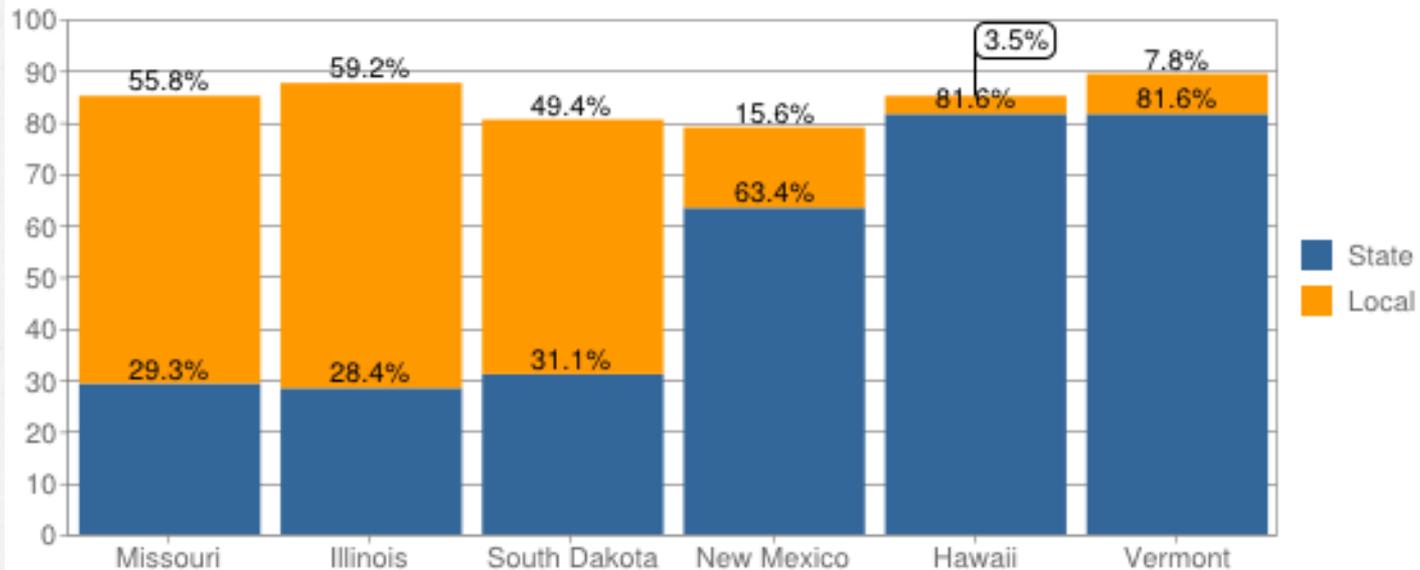
# Federal Funding for Elementary and Secondary Education

Federal Share for Elementary and Secondary Education Funding  
Highest and Lowest Federal Share (FY 2009)



# State and Local Funding for Elementary and Secondary Education

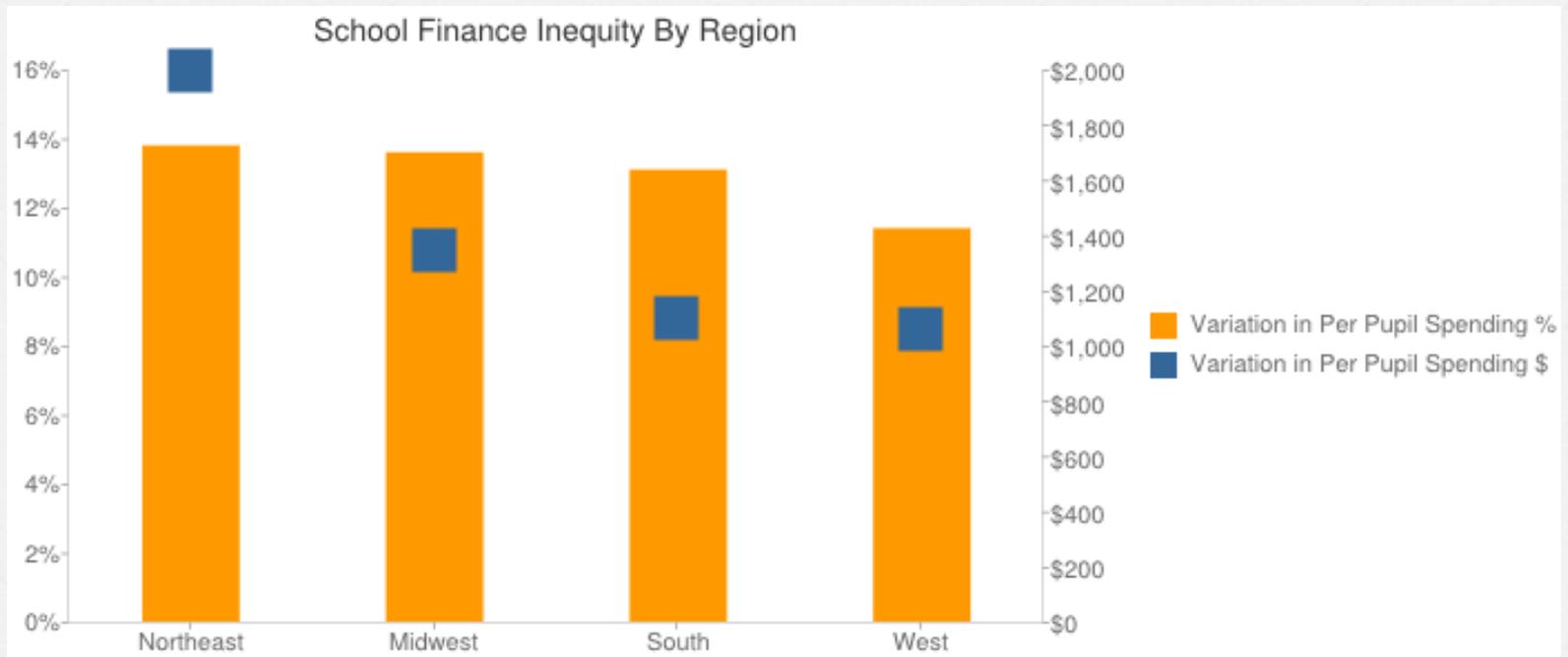
State and Local Share of  
Elementary and Secondary Education Funding  
Lowest and Highest State Share (FY 2009)



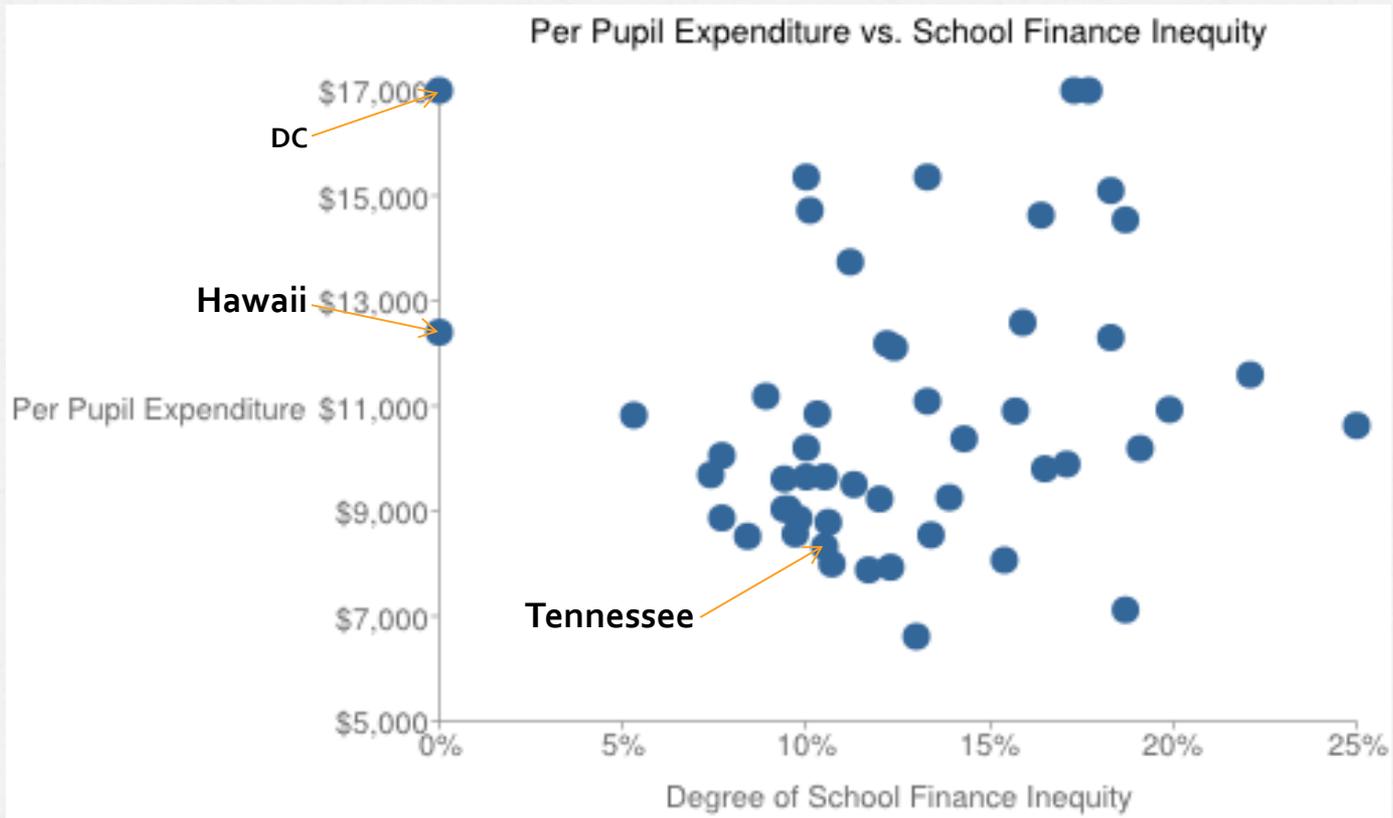
# Local Funding for Elementary and Secondary Education

- Nationally, property taxes support most of the funding that local government provides for education.
- The ability to raise revenue to fund local school districts varies dramatically from place to place.

# School Finance Equity



# School Finance Equity



Note: Most of this information to this point in the presentation and all of the preceding charts were drawn from the Federal Education Budget Project, a non-partisan source of information about federal education funding whose goal is to help heighten the quality of debate on federal education funding and to support development of fiscally responsible proposals to improve federal support for education.

<http://febp.newamerica.net/about>

Tennessee's  
constitution makes  
funding public  
schools the General  
Assembly's  
responsibility.

"The state of Tennessee  
recognizes the inherent value  
of education and encourages  
its support. The General  
Assembly shall provide for the  
maintenance, support and  
eligibility standards of a  
system of free public schools."

Article IX, Section 12

"The constitution . . .  
imposes upon the  
General Assembly the  
obligation to maintain  
and support a system of  
free public schools that  
affords ***substantially***  
***equal educational***  
***opportunities to all***  
***students.***"

Tennessee Small Sch. Sys. v.  
McWherter (1993)

# Funding public schools in Tennessee is *the General Assembly's responsibility.*

- o "The means whereby this obligation is accomplished, is a legislative prerogative.
- o "The system may include the imposition of funding and management responsibilities upon counties, municipalities, and school districts, within their respective constitutional powers.
- o "However, the constitution does not permit the indifference or inability of those state agencies to defeat the constitutional mandate of substantial equality of opportunity."

*The BEP and the Financing  
of  
K-12 Education*

# The BEP Formula

- o determines the amount required to fully fund the BEP based on more than forty components.
- o divides responsibility for funding the formula:
  - o Instructional costs: 70% state; 30% local
  - o Other classroom costs: 75% state; 25% local
  - o Non-classroom costs: 50% state; 50% local

# The BEP Formula

## *State Funding Sources*

- o #1 Source: State Sales Tax
- o Lesser Sources:
  - o Cigarette Tax
  - o Mixed Drink Tax
  - o Litigation Privilege Tax

# The BEP Formula

## *Local Funding Sources*

- o Property Taxes
- o Sales Taxes
- o Lesser Sources:
  - o Wheel Taxes
  - o Local Share of Mixed Drink Tax
  - o Other State-shared Taxes
  - o TVA Payments in Lieu of Taxes

# The BEP Formula

## *Local Funding Sources*

- o Counties must share all local revenue raised for schools.
- o Cities and special school districts must raise additional revenue and are not required to share it.

# *The Financing of K-12 Education*

The General Assembly alone is responsible for meeting Tennessee's constitutional requirement to afford "substantially equal educational opportunities to all students," including ensuring equity between and among cities and counties.