

Joint Working Group on Federal Education Funding

Tennessee General Assembly
November 7, 2023



THE SYCAMORE INSTITUTE



Federal Funding for Tennessee's School Districts

August 1, 2023

Key Takeaways

- In FY 2019, Tennessee distributed \$1.1 billion in federal funds to school districts across the state — or about 11% of total district revenues that year.
- Each of Tennessee's 142 school districts received between \$314 and \$2,500 per student in federal funds — comprising 3% to 20% of each district's total revenues.
- The school districts most reliant on federal dollars tend to be more rural, have more low-income and disabled students, less capacity for local revenue, and lower ELA test scores.

This brief presents key findings from our analysis of federal funding data for each of Tennessee's 142 local education agencies (LEAs). Our analysis used FY 2019 data — prior to the COVID-19 pandemic and related federal temporary COVID relief aid — to provide a more realistic picture of federal K-12 dollars in a typical year

federal funding for each of them.

Explore Each District

Use the map to explore each school district's federal funding in FY 2019.

Key Findings

In FY 2019, Tennessee state — or about 11% — were for school nutrition the Individuals with Disabilities Education Act (IDEA) for 142 school districts (FI)

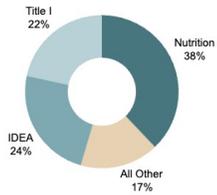
- Total Federal distributed by the Richard C



Anderson County School District

Total* Federal Funding for Anderson County School District (FY 2019)
\$7,992,442

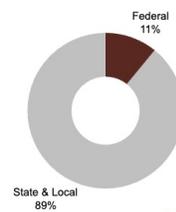
Federal Funding by Program



Per Pupil Federal Funding



Share of All District Revenues



* Includes only federal funding awarded to school districts through the state. Source: The Sycamore Institute's analysis of data from the Tennessee Department of Education's 2019 Annual Statistical Report



Federal Funding for K-12 Education in Tennessee

What It's For, What's Required, and Trade-Offs to Consider
October 26, 2023

Key Takeaways

- The federal government has increasingly shaped public education through funding to support higher-cost students.
- Tennessee typically receives about \$1.1 billion annually in federal K-12 funding for over a dozen programs that have grant-specific and broader federal requirements.
- In recent years, Tennessee's actions or preferences related to K-12 education have at times conflicted with current or proposed federal policy for testing and gender-related policies.
- Some trade-offs and considerations for federal dollars, the requirements attached to those funds, and what would happen if Tennessee rejected those dollars include:
 - No state has ever rejected federal K-12 dollars, so much is unknown.
 - Many of the requirements attached to federal dollars align with state policymakers' goals and/or are integrated into the state's own requirements.
 - Federal requirements provide assurances and an extra layer of accountability important to many children and their families.
 - Tennessee has to adapt when federal requirements change.
 - The federal government hasn't always fully funded its commitments.
 - If Tennessee rejected federal dollars, the state would have to work out many details to ensure a smooth transition for districts.
 - The days of historically large surpluses may be over, but Tennessee likely still has room in the budget to replace federal funding at the expense of other potential investments.
 - If rejected, much of Tennessee's federal education funding would probably go to other states.
 - Federal requirements create administrative burdens that may or may not still exist if Tennessee rejected federal dollars.
 - Many federal requirements could still apply to Tennessee schools even if the state rejected federal K-12 dollars — creating questions that would likely be resolved in court.
 - It is unclear if Tennessee would still get federal education aid to weather recessions and how quickly the state could reverse course if policymakers changed their minds.

Federal K-12 Funds 101

Funding by District

Trade-Offs & Considerations



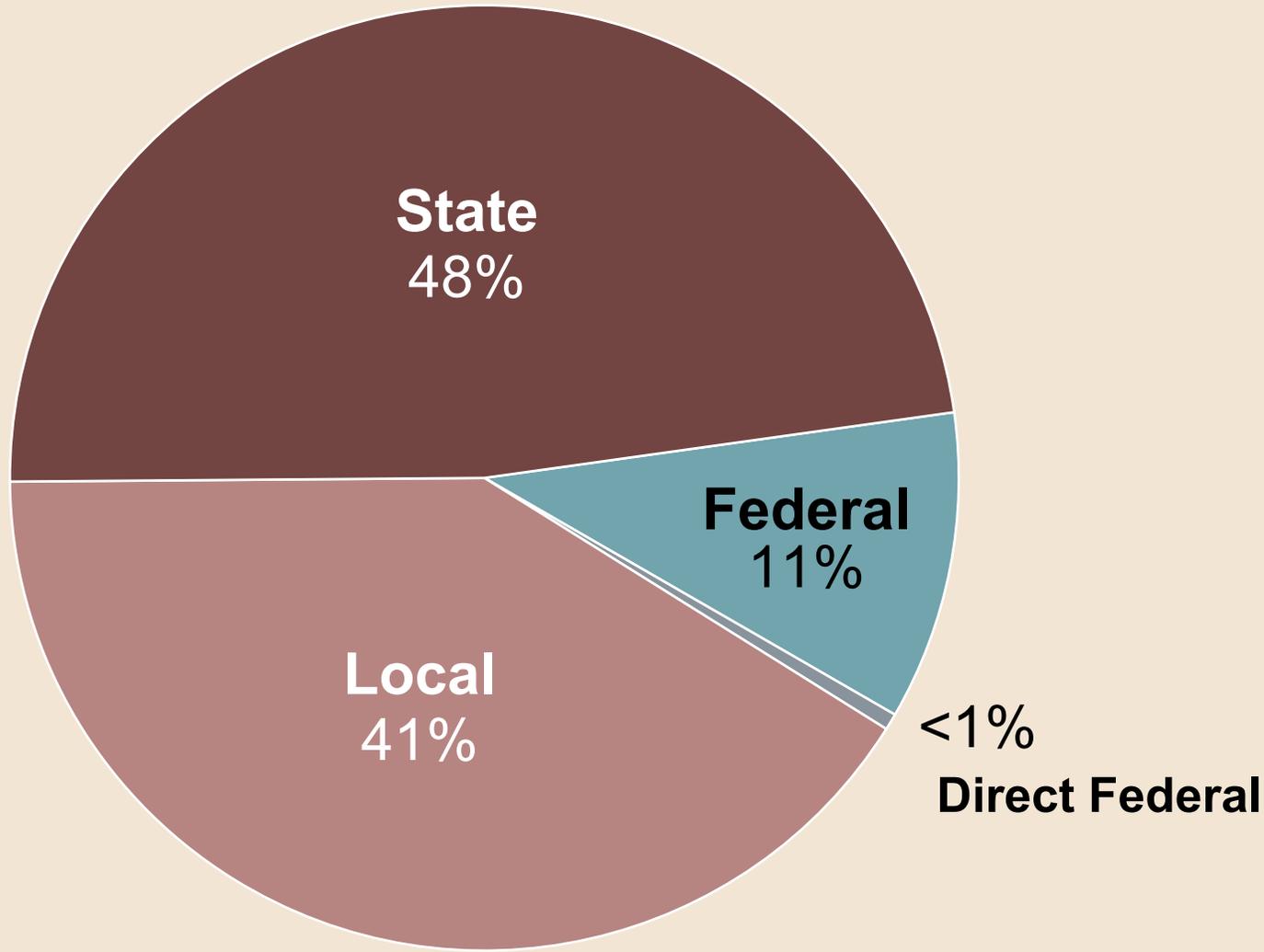
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Federal K-12 Funds 101



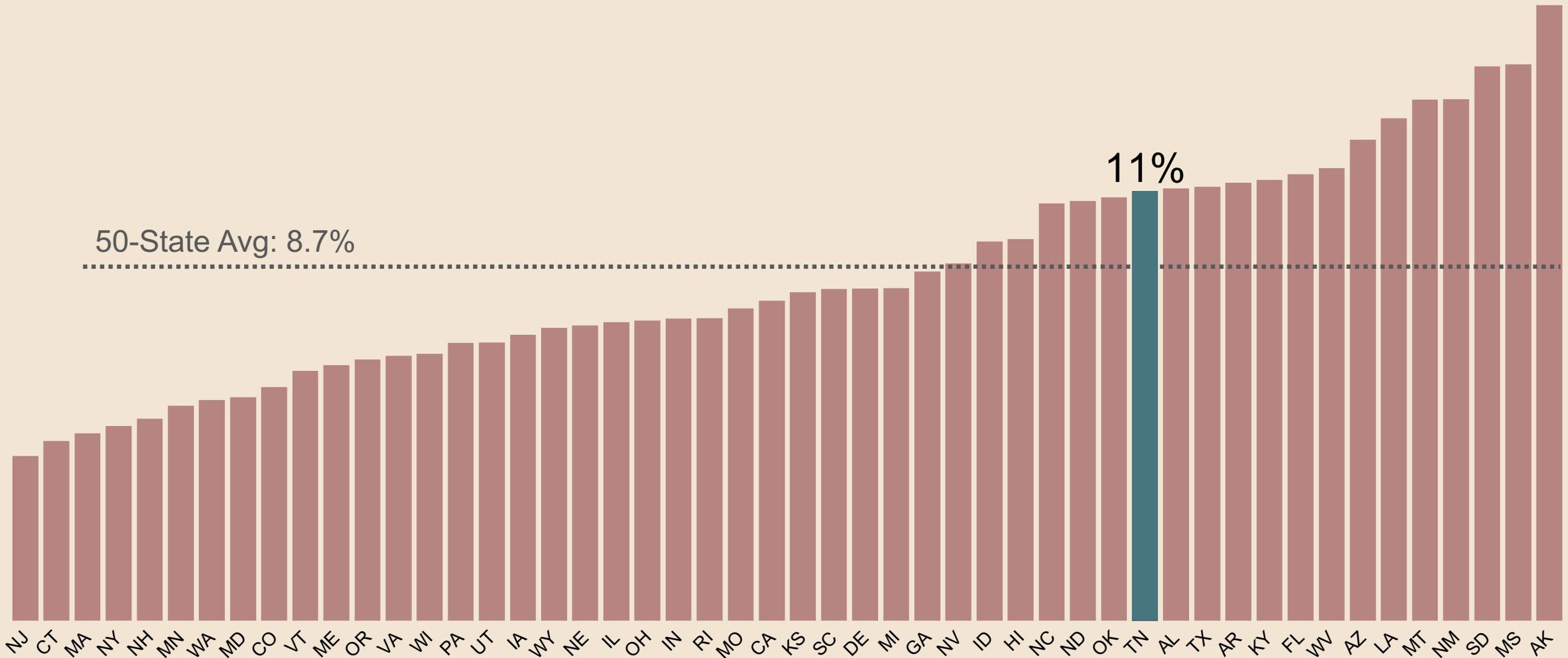
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In FY 2019, \$1.1 Billion in Federal Funds Provided 11% of Tennessee School Districts' Revenues



\$10.6B

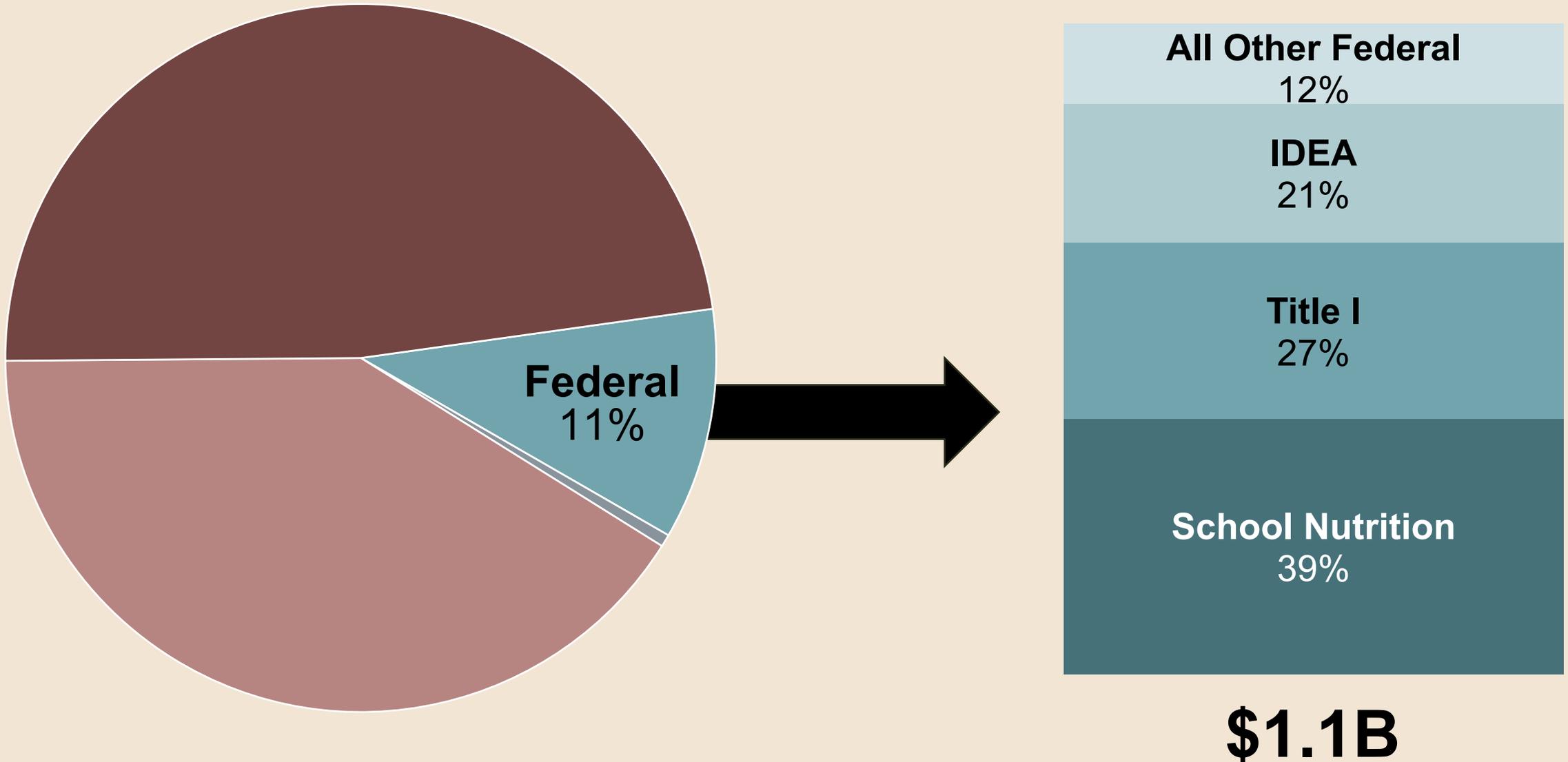
Tennessee Schools Were More Dependent on Federal K-12 Dollars Than All But 13 Other States in FY 2019



50-State Avg: 8.7%

11%

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Tennessee's K-12 Activities Are Subject to Both Program-Specific and Broad Federal Requirements

State Governments

must provide equal protection of the laws.

Federal Financial Assistance

recipients may not exclude or deny program benefits to individuals based on their race, national origin, sex, disability, or age.

Title I - Every Student Succeeds Act (ESSA)

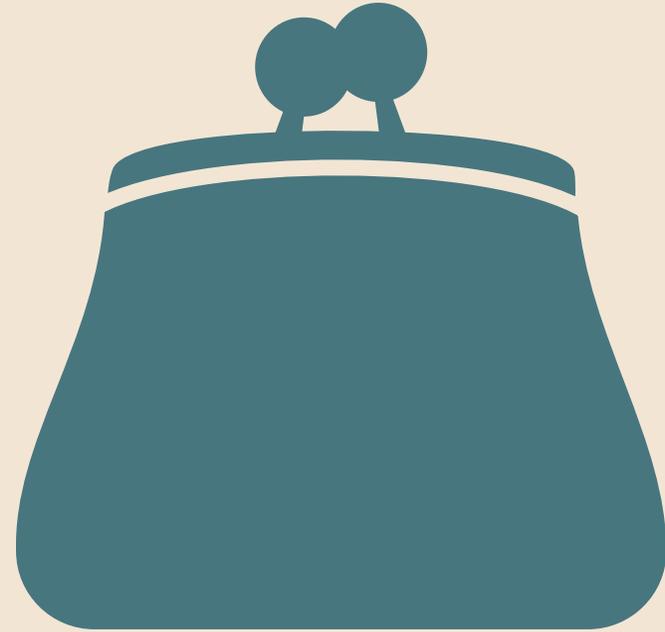
academic standards
assessments
accountability systems

Individuals with Disabilities Education Act (IDEA)

FAPE for students w/ disabilities
individualized education plans

Child Nutrition Program

free/reduced-price meals
eligibility criteria
federal nutritional guidelines



Funding by District



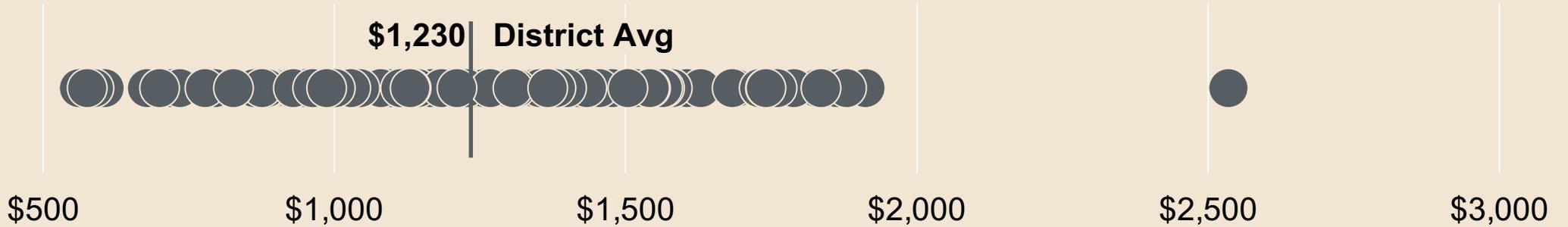
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Tennessee School Districts Vary Widely in the Federal Funding They Receive and Their Dependence on It

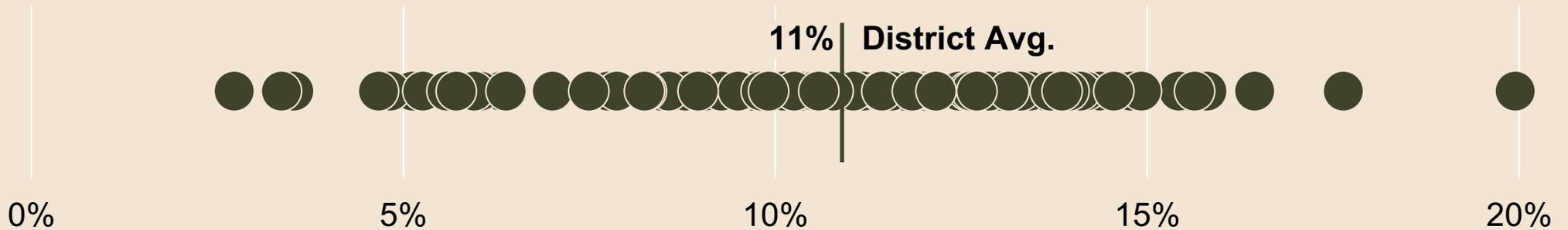
Total Federal Funds
(in millions)



Federal Funds Per Pupil



Federal Funds as a % of All Revenues

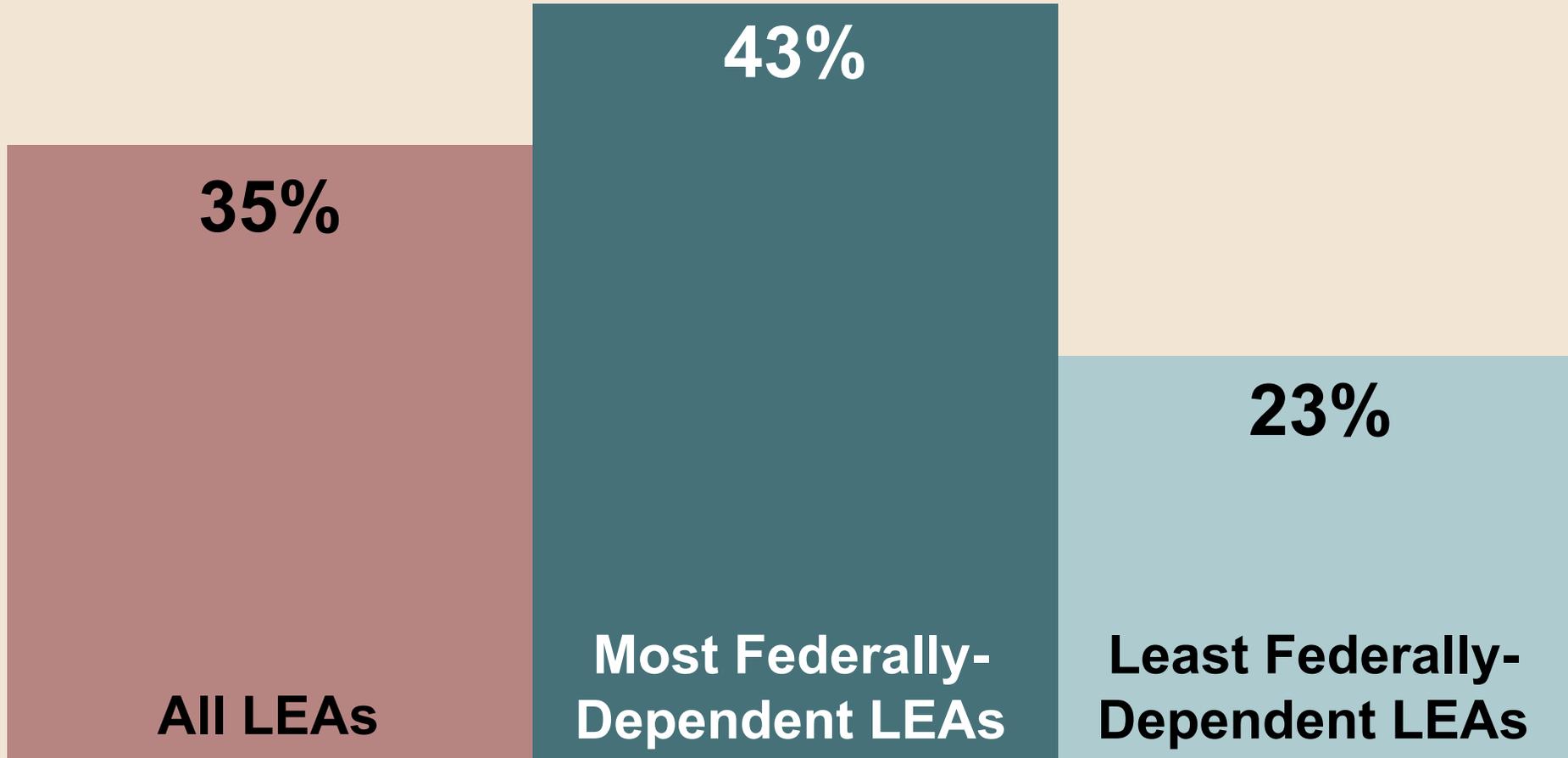


Most v. Least Dependent School Districts

- ✓ **Higher Concentrations of Low-Income Students**
- ✓ **Higher Concentrations of Students with Disabilities**
- ✓ **More Dependent on State Dollars**
- ✓ **Lower Local Fiscal Capacity**
- ✓ **Lower Achievement on Assessments**
- ✓ **More Rural**

Most v. Least Dependent School Districts

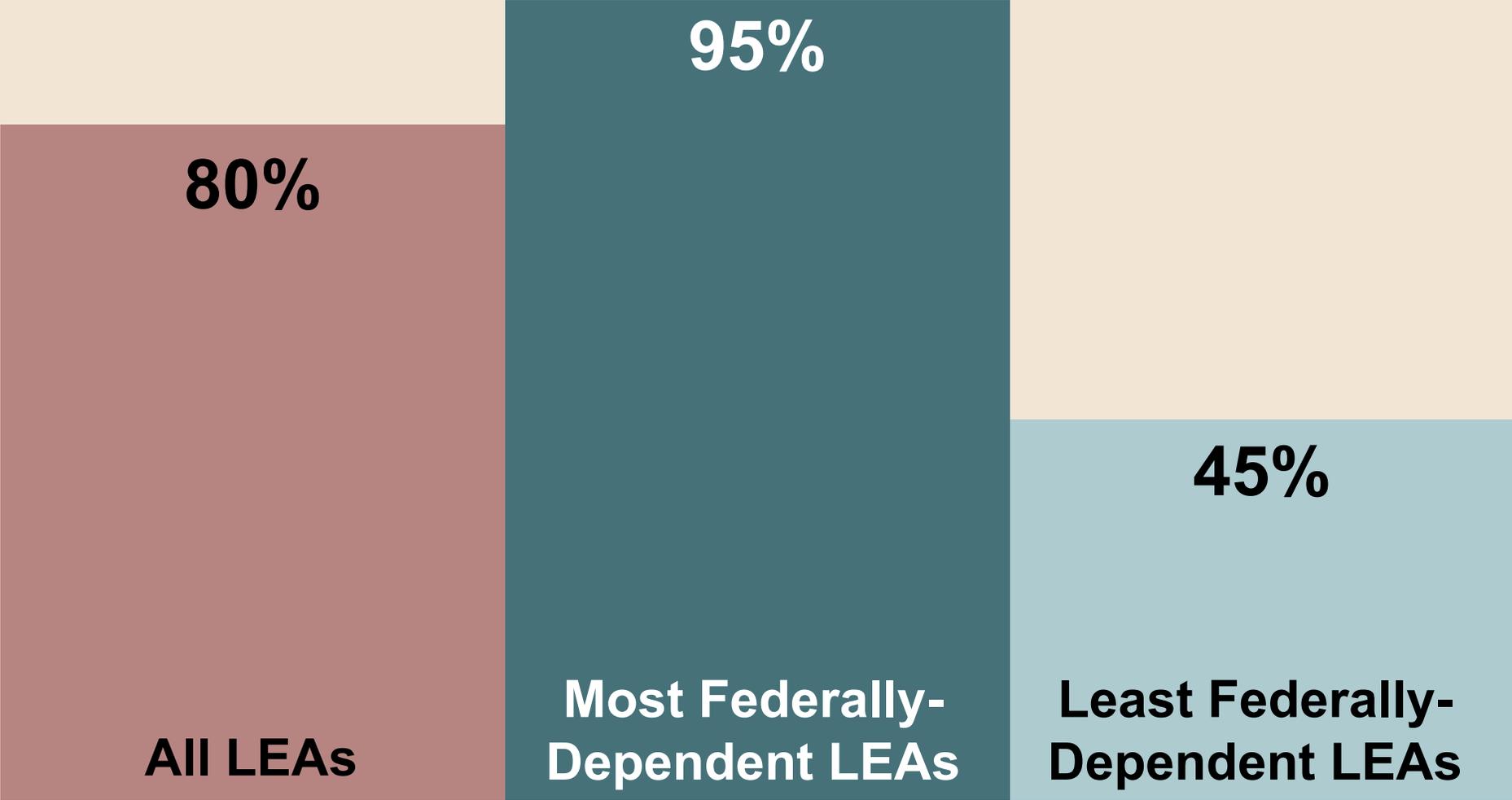
% of students who are economically disadvantaged



Notes: Includes only federal funding awarded to school districts through the state. High and low reliance districts represent the top/bottom quintiles (i.e. 28 districts) in % of all revenues from federal funding. Had a statistically significant association with federal funding per pupil.
Sources: The Sycamore Institute's analysis of data from ED and TDOE

Most v. Least Dependent School Districts

% rural



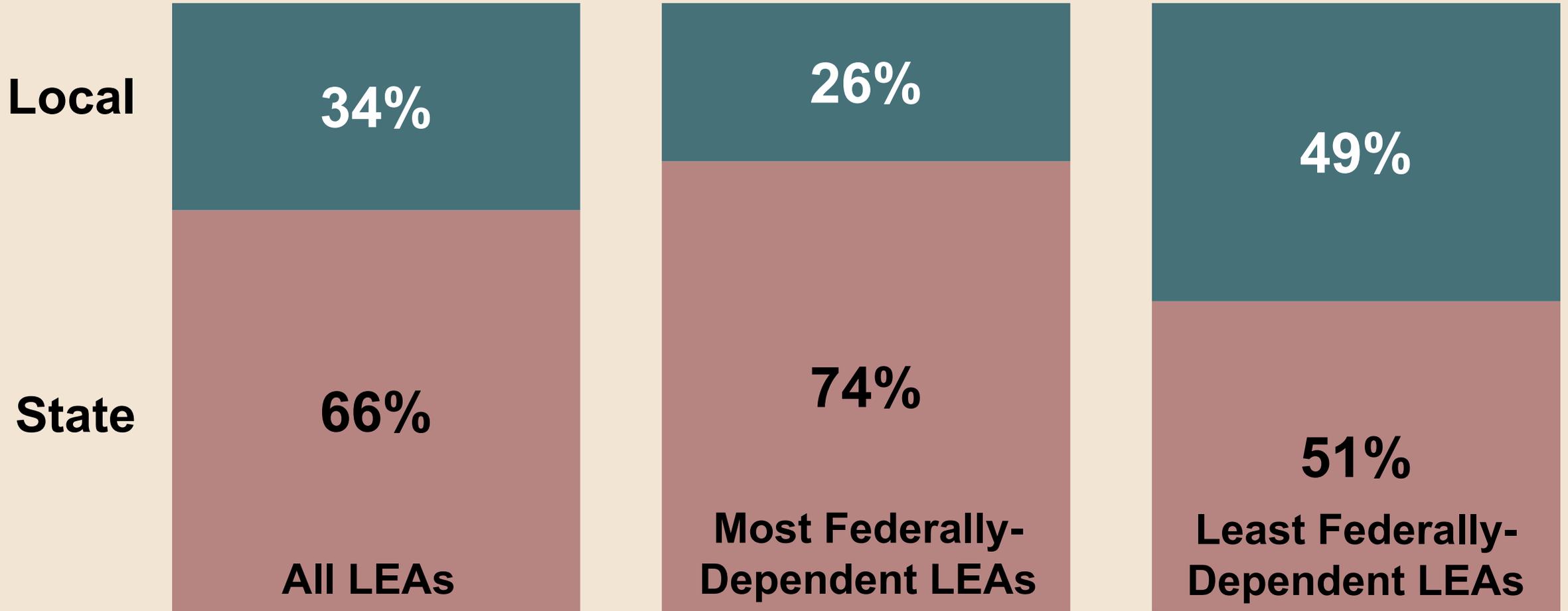
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Each characteristic shown had a statistically significant association with federal funding per pupil.

Sources: The Sycamore Institute's analysis of data from ED and TDOE

Most v. Least Dependent School Districts

spread of in-state revenues



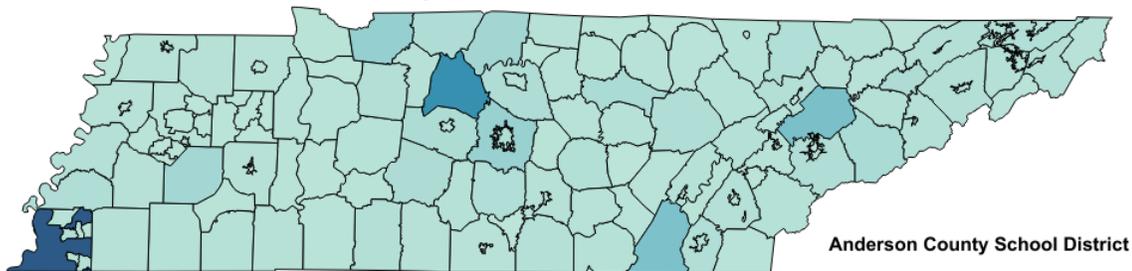
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Explore & Compare Districts with Sycamore's Dashboard

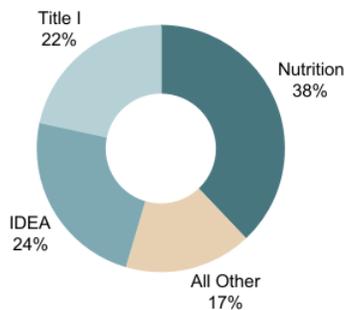
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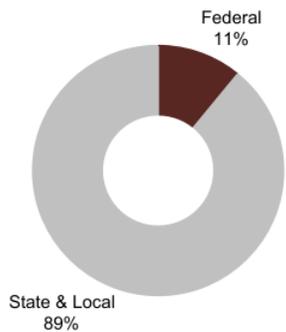
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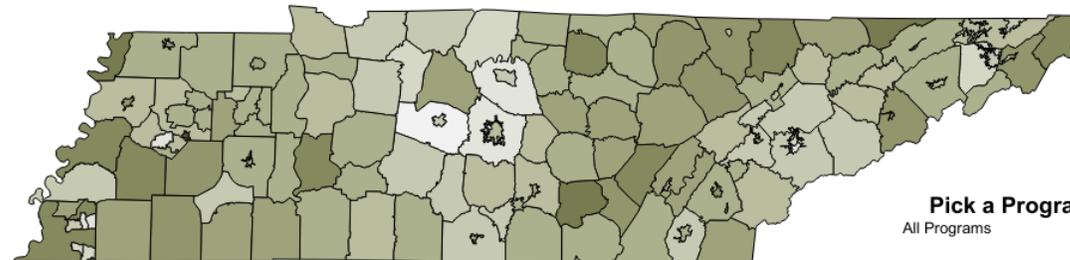
Share of All District Revenues



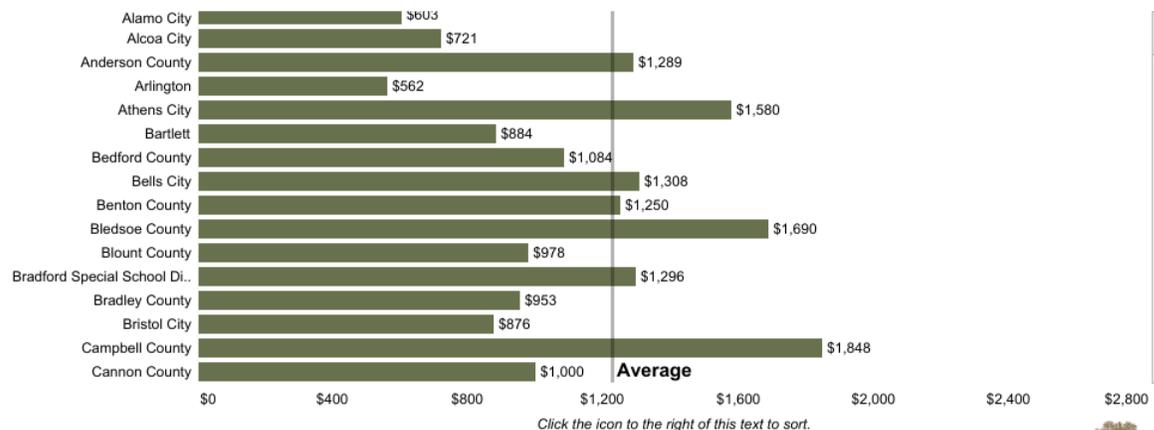
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Source: The Sycamore Institute's analysis of data from the Tennessee Department of Education's 2019 Annual Statistical Report

Compare Districts



Federal Funding* Per Pupil from All Programs (FY 2019)



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Source: The Sycamore Institute's analysis of data from the Tennessee Department of Education's 2019 Annual Statistical Report

Trade-Offs & Considerations



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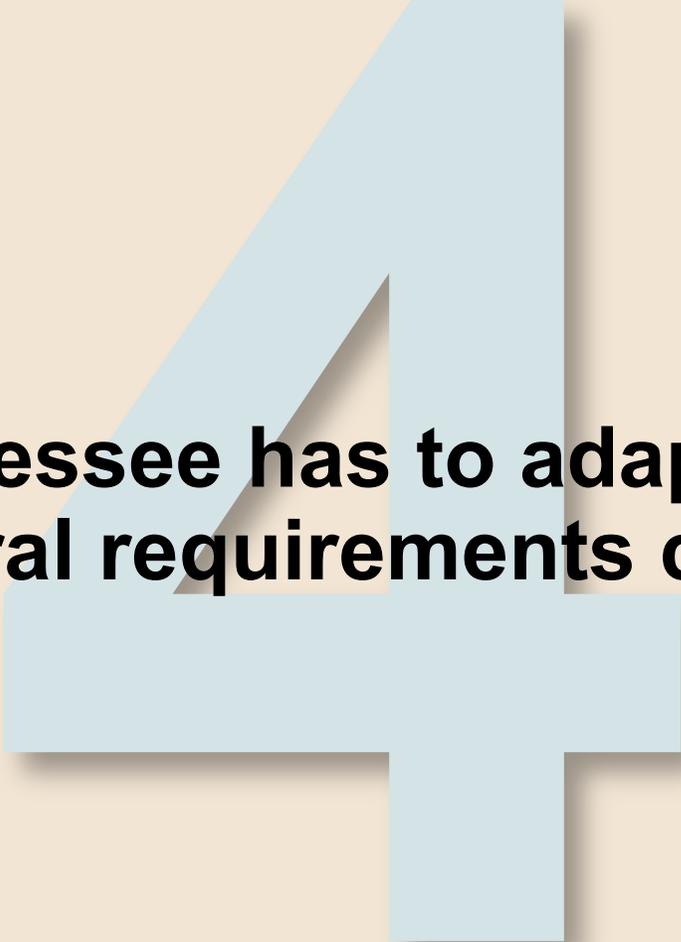
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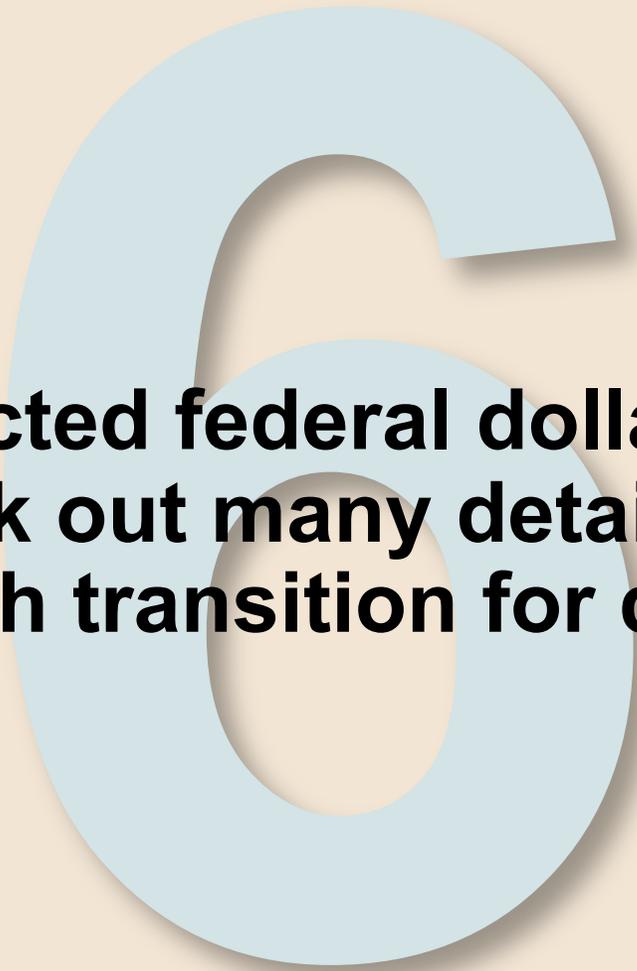
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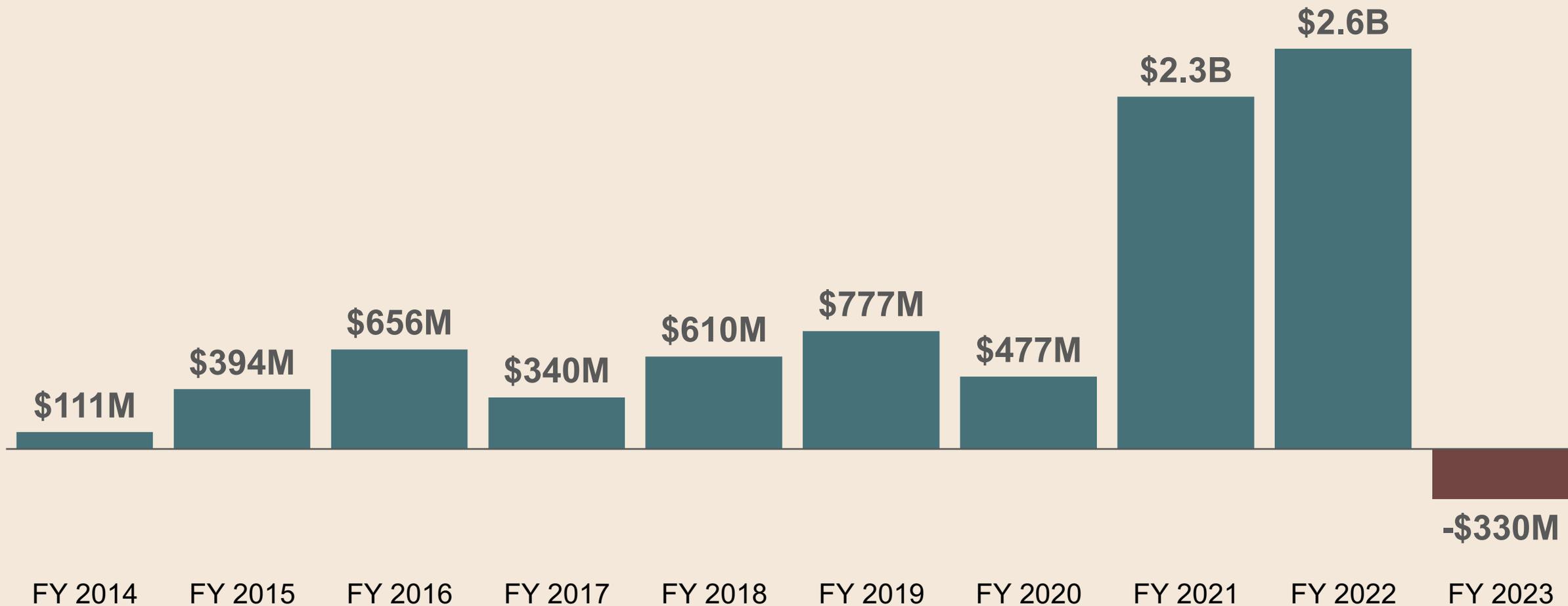
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The days of historically large surpluses may be over,
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Tennessee's Revenue Collections Fell Short of Expectations in FY 2023 After Years of Historic Budget Surpluses

Year-End Unappropriated Surpluses (FYs 2014-2023)



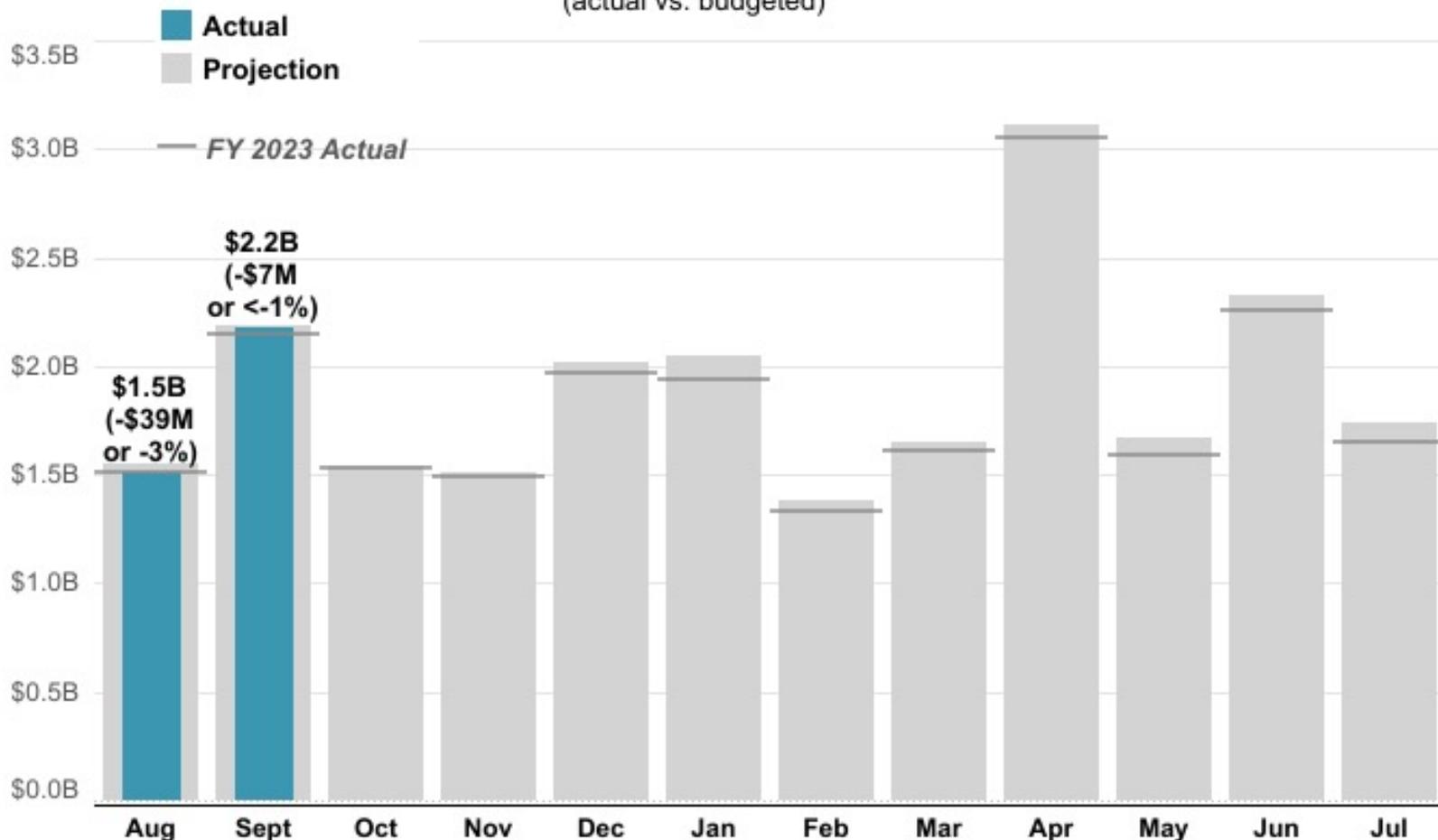
FY 2023 represents an estimate based on legislative testimony.
Sources: FYs 2016-2024 state budgets and legislative testimony

FY 2024 Tennessee Tax Revenue Tracker

This dashboard shows Tennessee's revenue collections for FY 2024 relative to the estimates for which the state "budgeted" at the start of the fiscal year.

Monthly Collections

Total Collections
(actual vs. budgeted)

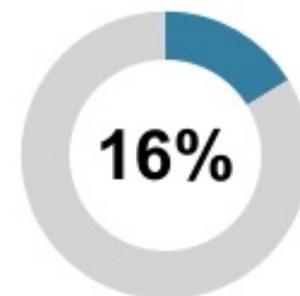


Year-to-Date Collections

Actual vs. Budgeted



Total Collections
amount to



of the \$22.7B in total budgeted
revenue for the current fiscal year.

Note: Collections are reported on an accrual basis, which means that collections for FY 2024 are represented by the collections reports for Aug '23-Jul '24. Source: Tennessee Department of Finance & Administration's monthly revenue collections reports

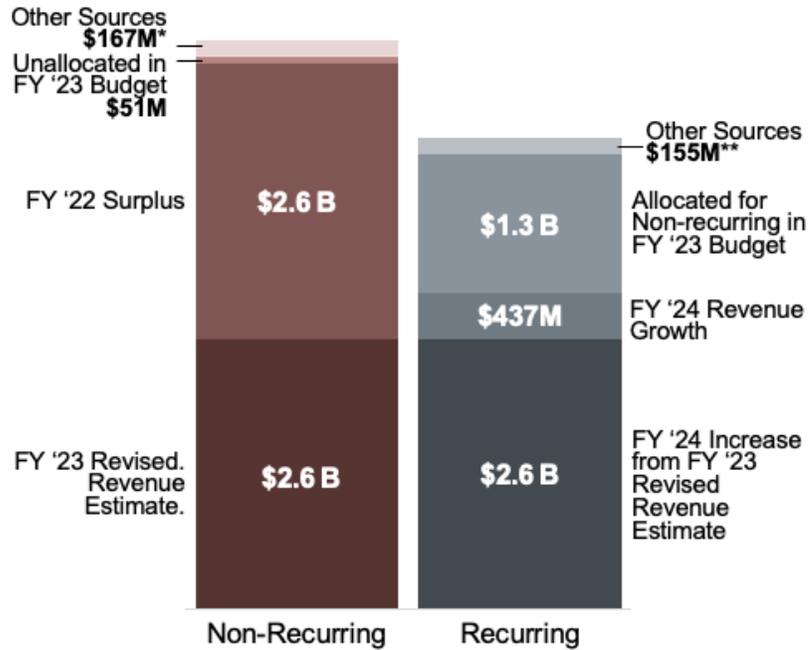


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Additional General Fund Revenues & Expenditures in FYs 2023-2024 vs. Enacted FY 2023 Budget

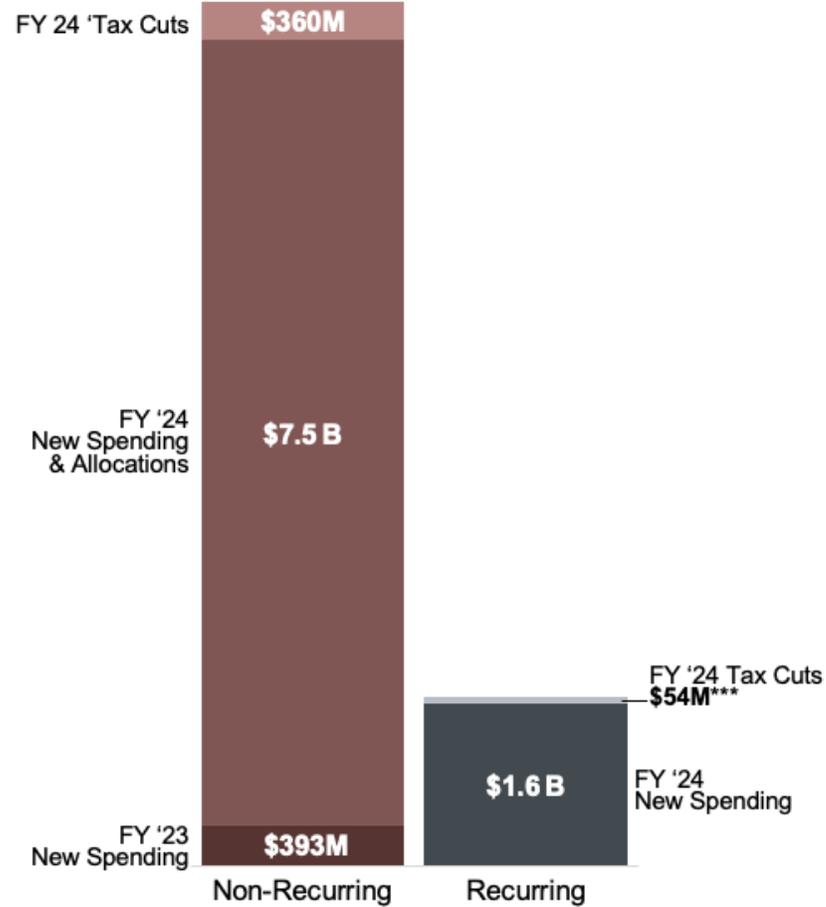
Where the Money Comes From

\$10.0 B



Where the Money Goes

\$9.9 B



*Includes \$78M from proposed FY 2024 non-recurring reductions and \$77M in other available resources. **Includes \$63M from proposed FY 2024 recurring reductions and \$105M in other available resources. ***Net impact.

Source: The Sycamore Institute's analysis of the FY 2024 Tennessee State Budget

An estimated \$2.2B in recurring revenues are available before any additional revenue growth for the FY 2025 budget.

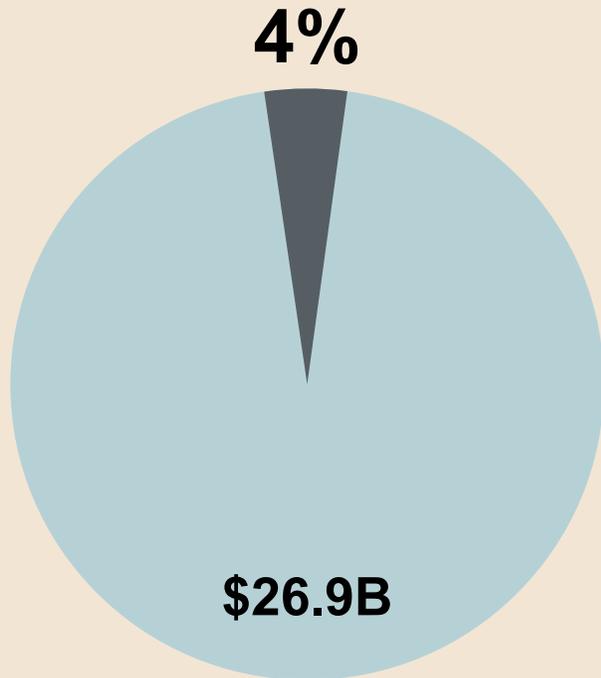
An estimate based on the following information: The FY 2024 budget allocated about \$2.6 billion in expected recurring revenues for one-time purposes — leaving these revenues unallocated for FY 2025. Revenues fell about \$330 million short of FY 2023 expectations. Another \$18 million in recurring revenues were appropriated during the August 2023 special session.



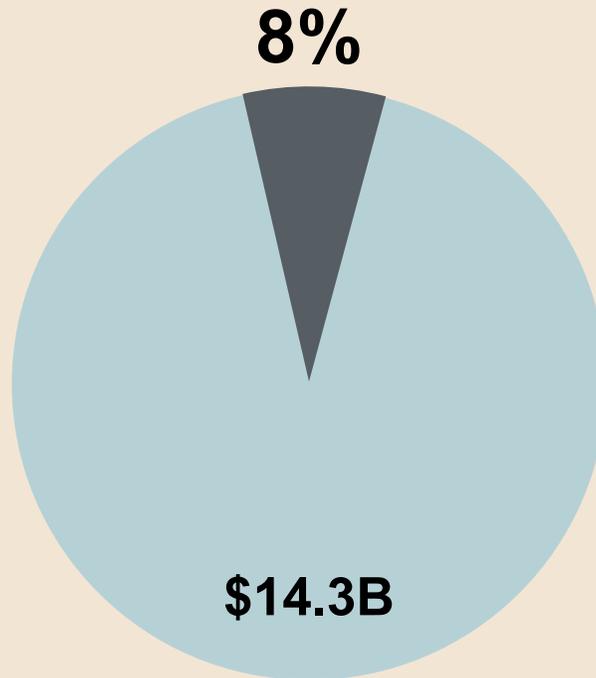
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\$1.1 Billion

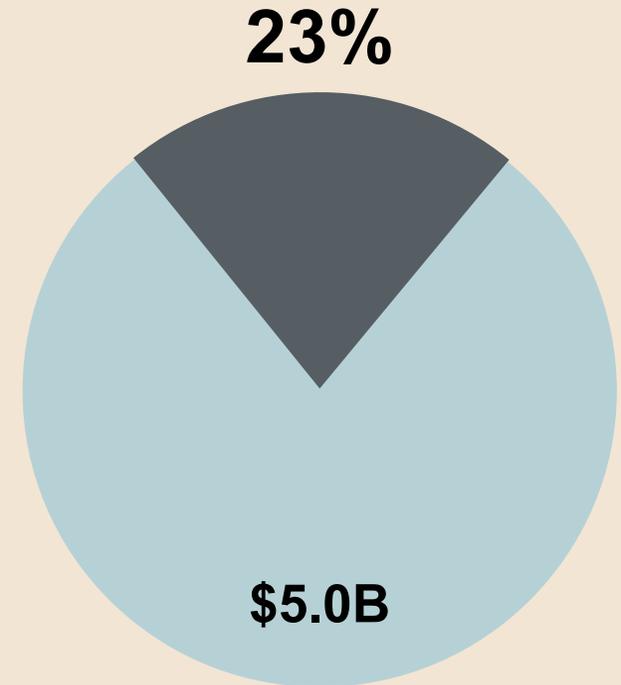
vs. State Revenues



**FY24
General Fund
from state dollars**



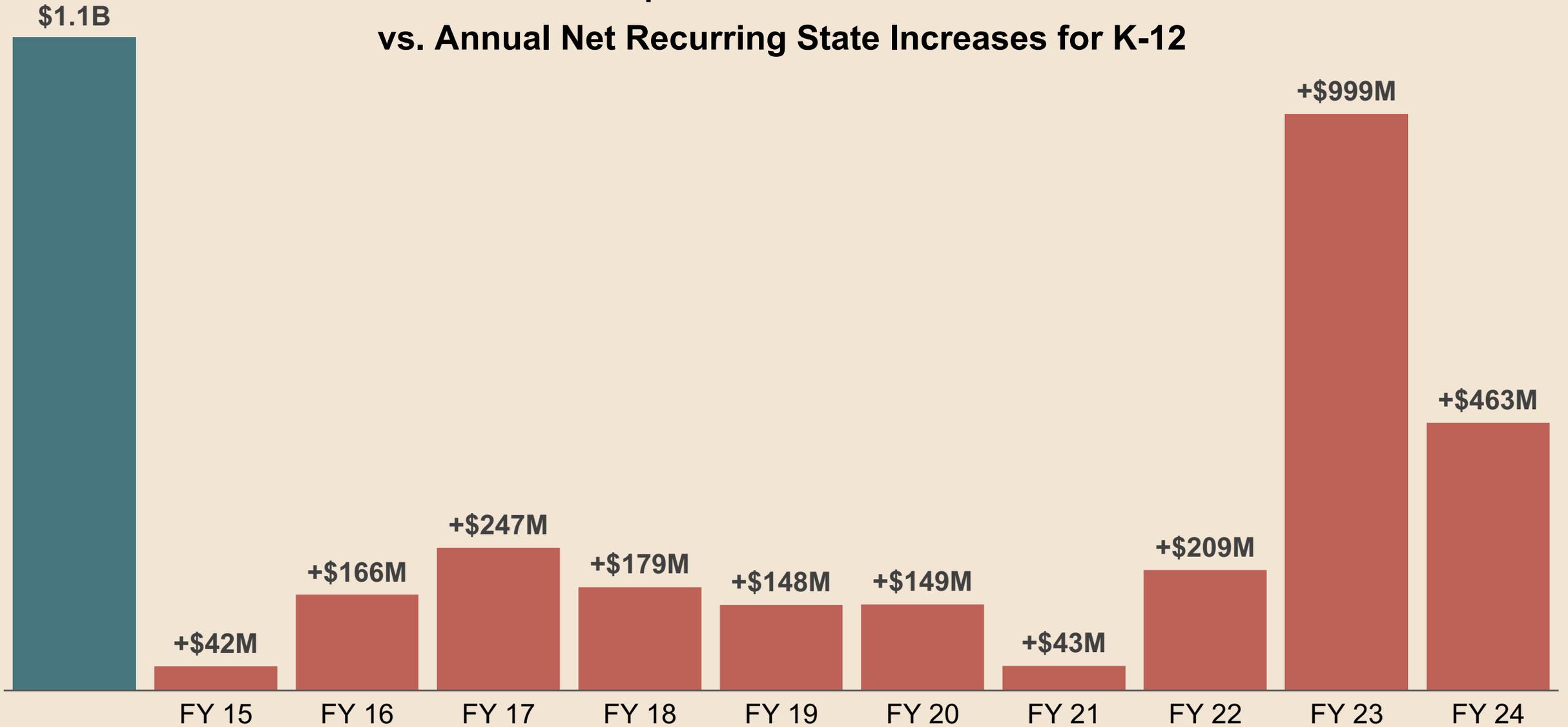
**proj. FY24
sales tax
collections**



**proj. FY24
F&E
collections**

\$1.1 Billion

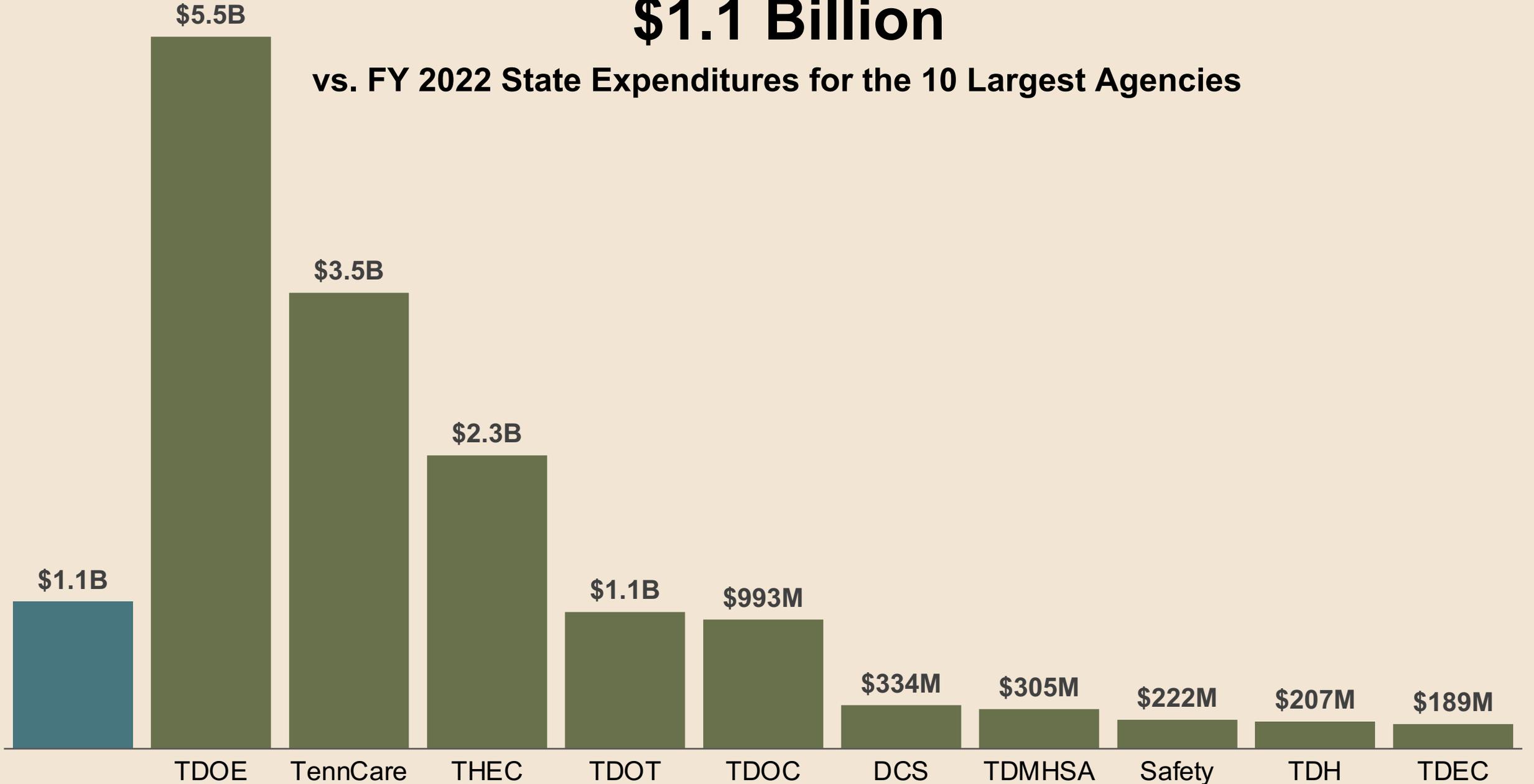
vs. Annual Net Recurring State Increases for K-12

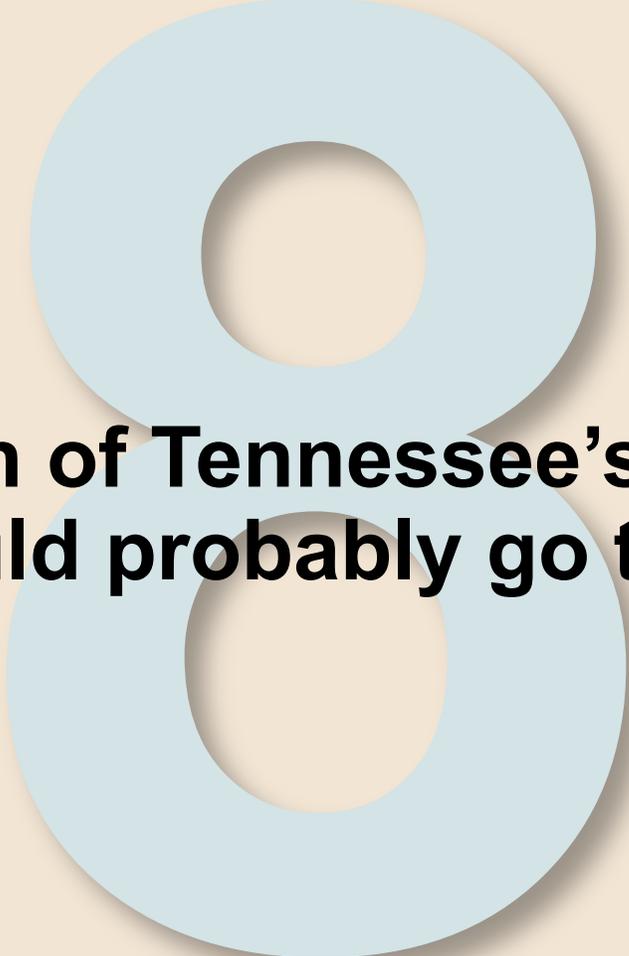


Source: The Sycamore Institute's analysis of Departmental Comparison of Appropriations from State Revenues, Recurring and Non-Recurring from the FYs 2016-2024 State Budgets

\$1.1 Billion

vs. FY 2022 State Expenditures for the 10 Largest Agencies

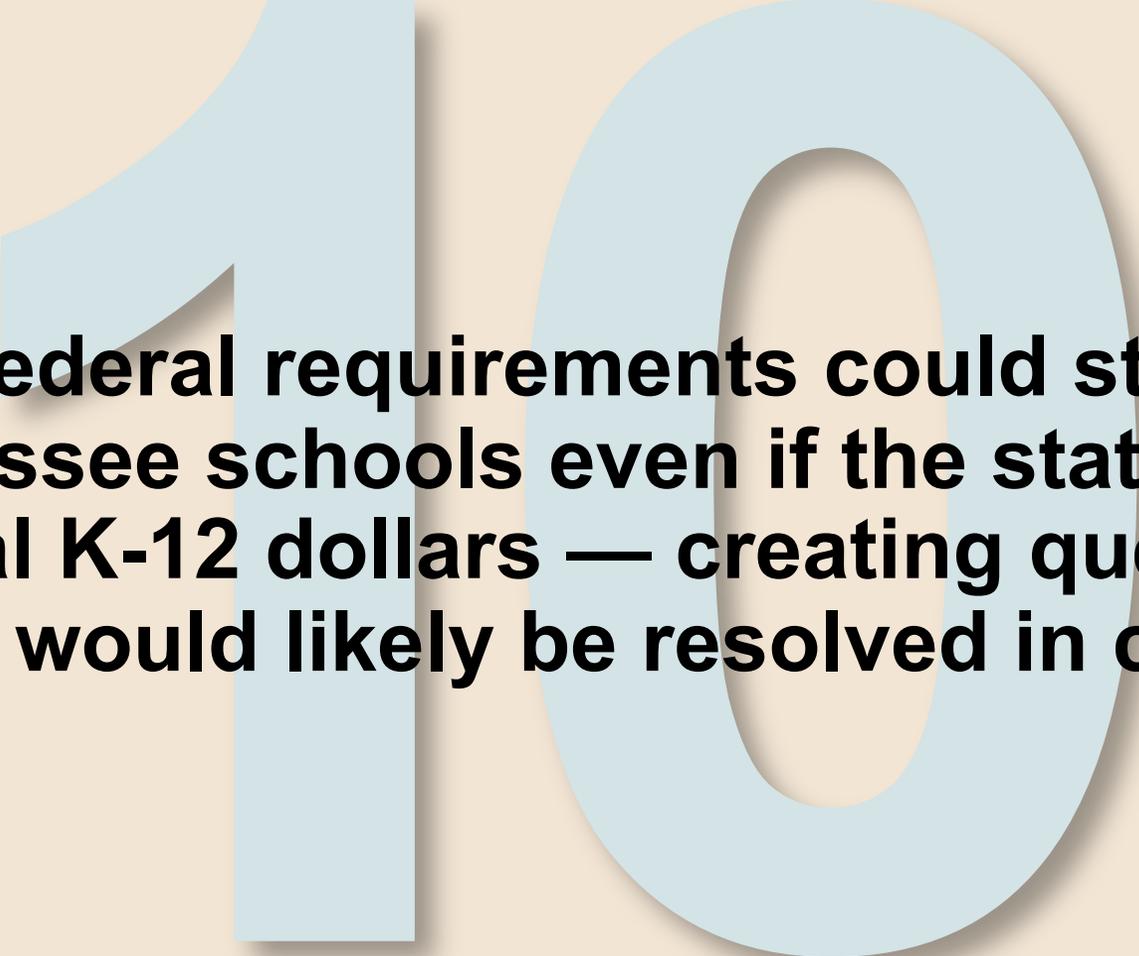




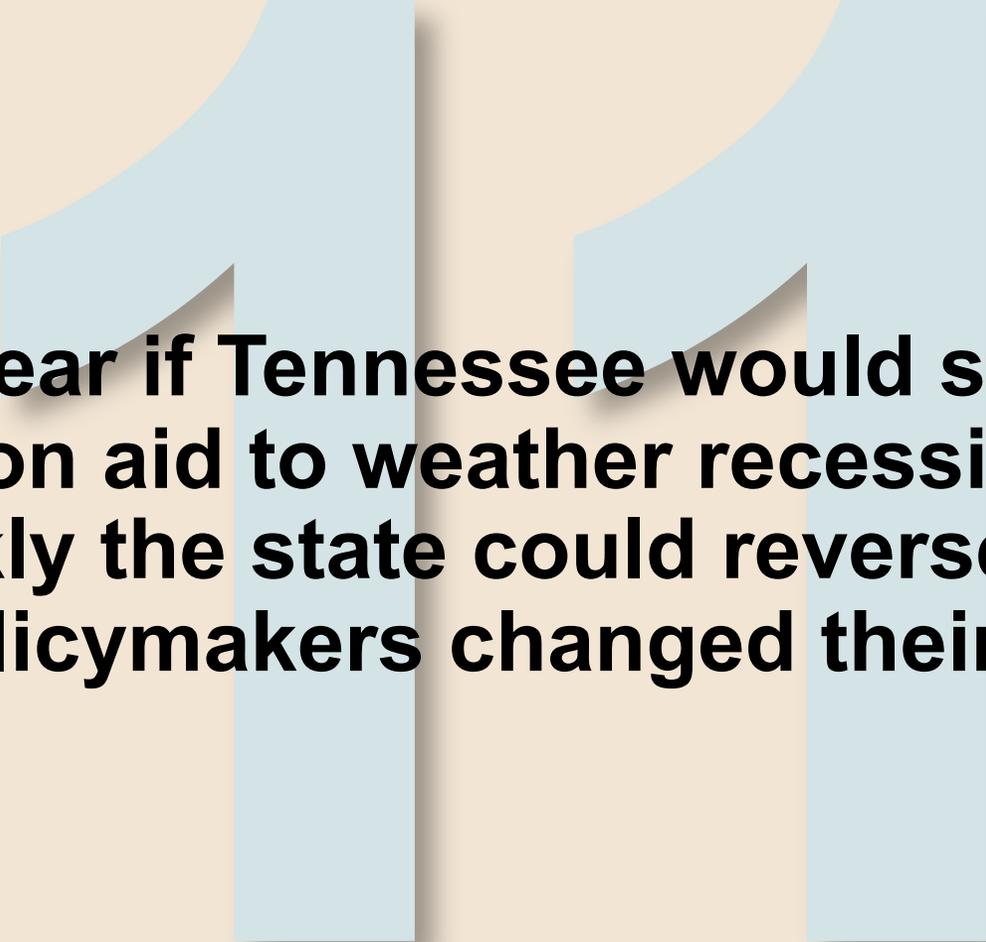
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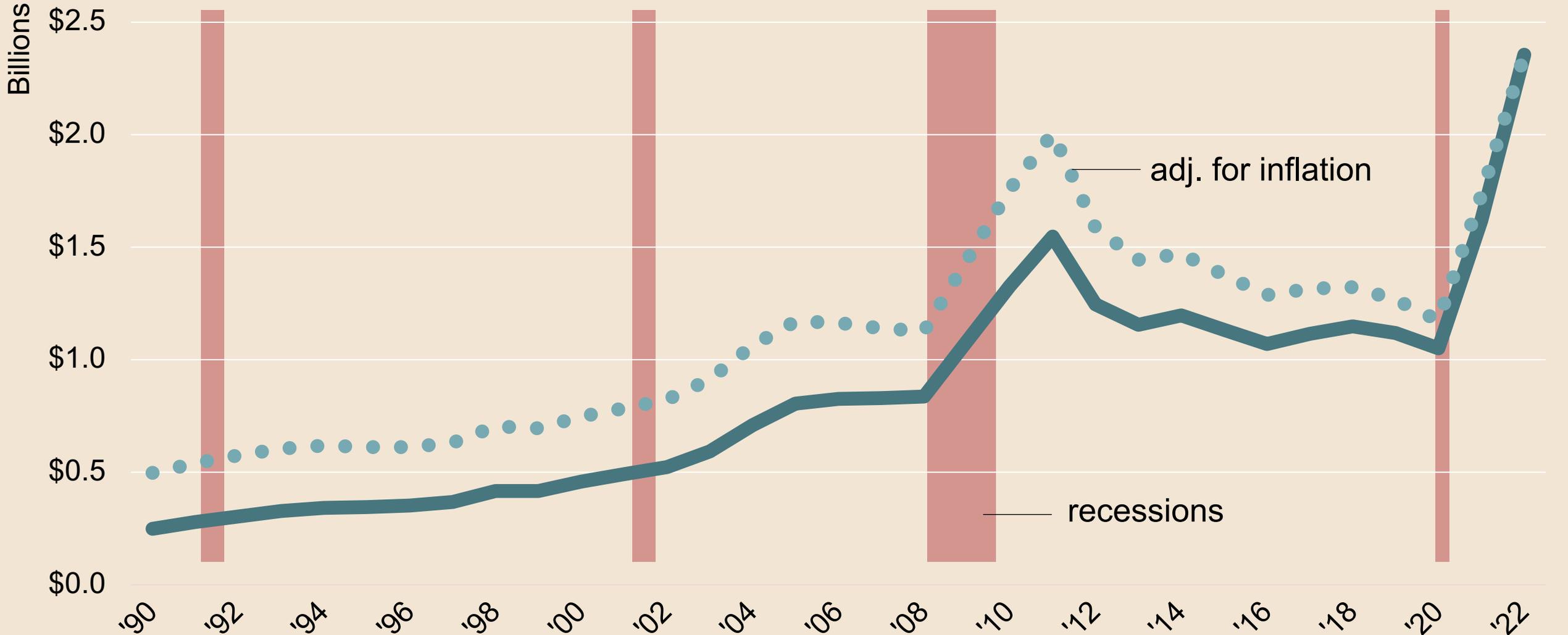
Many federal requirements could still apply to Tennessee schools even if the state rejected federal K-12 dollars — creating questions that would likely be resolved in court.

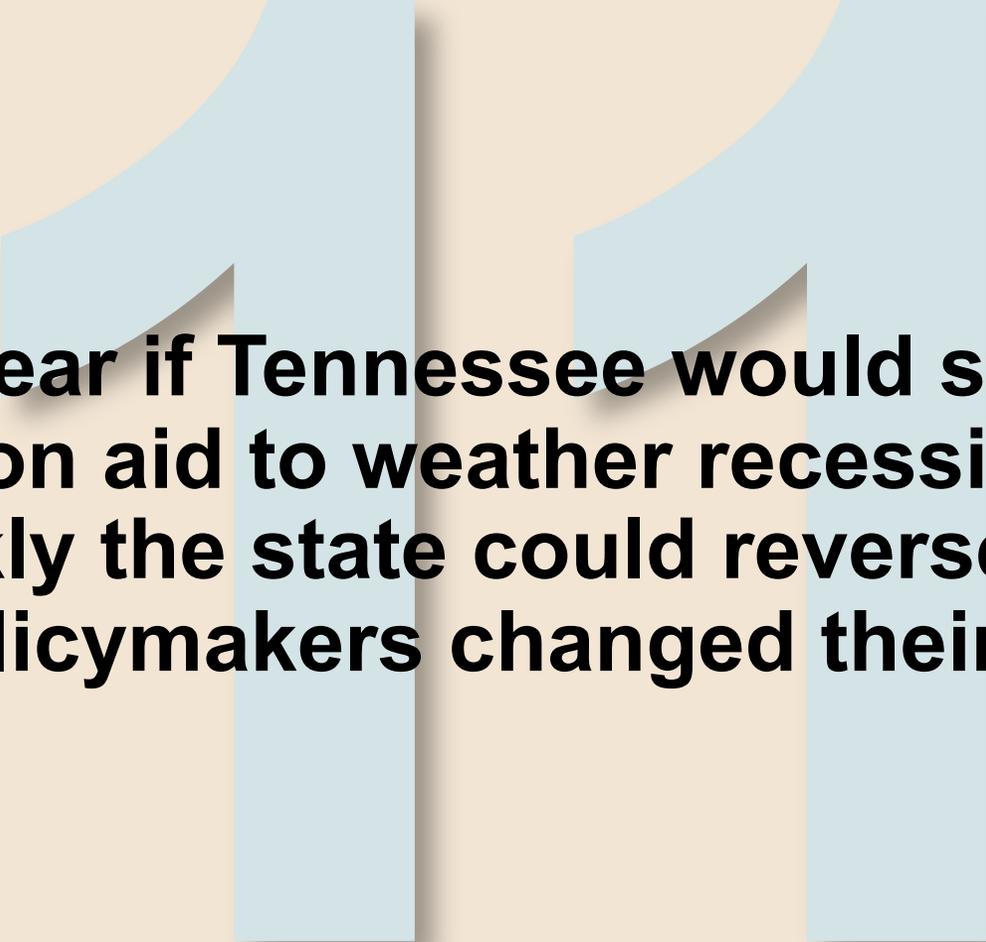


It is unclear if Tennessee would still get federal education aid to weather recessions and how quickly the state could reverse course if policymakers changed their minds.

In Recent History, the Federal Government Has Supplemented K-12 Funding to Help States Weather Recessions

Federal Revenues for the Tennessee Department of Education (FYs 1990-2022)





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