Using BEP funding for non-public school choice programs

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TENNESSEE COMPTROLLER OF THE TREASURY

The Basic Education Program (BEP) is Tennessee's school funding formula, which calculates the required state and minimum local funding levels for public school districts.

Tennessee approved a non-public school choice program in 2015, the Individualized Education Account program, which creates a mechanism by which state and local BEP funds may be used for non-public school options, such as private schools or home schools. The same mechanism has also been a component in other programs proposed in recent legislation, such as vouchers, or opportunity scholarships.

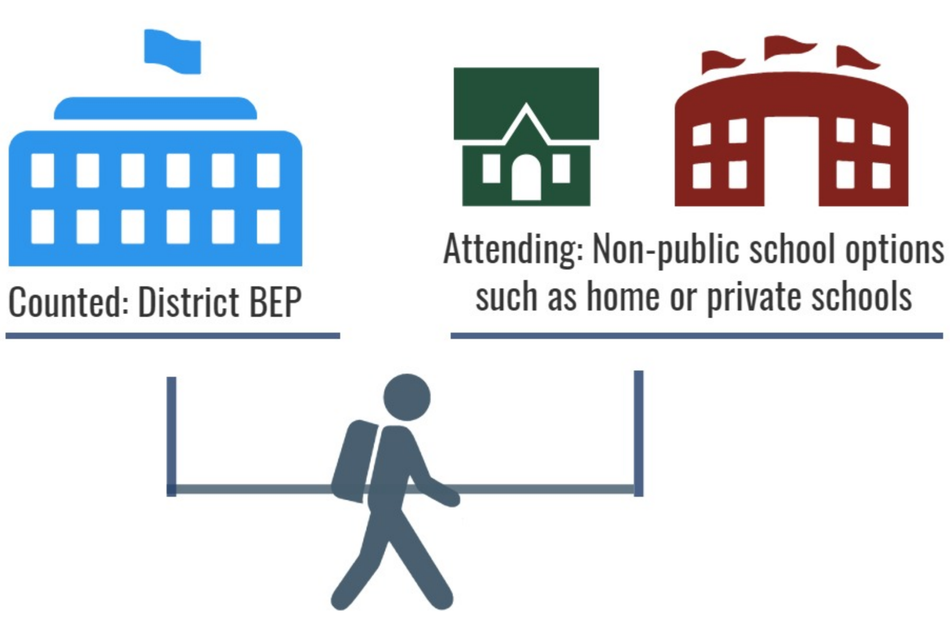
This infographic details how the funding mechanism for these programs works with Tennessee's Basic Education Program (BEP) formula.

What generates BEP funding?

The BEP formula calculates required state funds and local matching funds for public school districts. The main factor in this formula is the number of public school students enrolled in each district, known as the average daily membership, or ADM. BEP calculations are based on districts' previous year's ADM. If students are not counted in a school district's enrollment numbers, they do not generate BEP funds for that district.

This is why non-public school choice programs include an eligibility requirement that students must attend public school for one year before they enroll in a choice program. Students must be counted in public school enrollment figures to generate state and local BEP funds.

(The Individualized Education Account program provides an exception for students who would be attending a Tennessee school for the first time, such as those starting kindergarten or who have moved to Tennessee.)



Once students enroll in a non-public choice program, they continue to be counted in their public school districts' enrollment although they no longer attend a public school. This allows choice students to be included in the BEP formula, which sets the state and required local match funding allocations, which, in turn, trigger the actual appropriations by the General Assembly, county commissions, and other local funding bodies.

Students who already attend private schools or are home-schooled, and did not attend public school in the prior year, have not been counted in the public school enrollment numbers used to generate BEP funding.

Using BEP funding for non-public school choice options

The BEP calculates funds for public school districts on a per-district, rather than a per-student, basis, although student enrollment in each district is the primary driver of the BEP formula.

The funding mechanism for school choice programs converts districts' BEP funds to an average per-student amount by dividing state and required local funds by the district enrollment. Neither local funding above the required BEP allocations nor any federal funds received by the districts are included in the per-student amount.

The average per-student funds follow the student when they enroll in a non-public option. In the Individualized Education Account program, funds equal to the per-student amount are transferred from a student's former public school district to their individual education accounts, which can then be used for private school or home school expenses.

Each district has a different average BEP funding-per-student amount

Statewide BEP average funding-per-student = $6,959

fiscal year 2016-17

Understanding the impact - a comparison

The comparison below highlights the different impact on school districts and funding bodies from students leaving public schools through enrollment in non-public choice programs versus students leaving public schools without enrolling in such choice programs. Changes in student enrollment typically do not register their impact on funding until sufficient numbers of students change enrollment.

When students transfer out of a public school district <u>through enrollment</u> in a non-public choice program

- students are still counted in district BEP enrollment numbers
- BEP calculations for a district's funding allocations do not change
- BEP state and required local matching dollars appropriated by funding bodies for the district do not change, BUT the BEP funds received by the district decrease
- instead, the per-student BEP funds linked to these students are transferred from the district to the choice program
- districts are no longer responsible for educating these students

When students transfer out of a public school district and <u>do not enroll</u> in a non-public school choice program

- students are no longer counted in district BEP enrollment numbers
- BEP calculations for a district's funding allocations decrease
- BEP state and required local matching dollars appropriated by funding bodies for the district decrease, AND the BEP funds received by the district also decrease
- districts are no longer responsible for educating these students