

Federal Education Funding Task Force

Office of Research & Education Accountability

11.15.23

TENNESSEE COMPTROLLER OF THE TREASURY



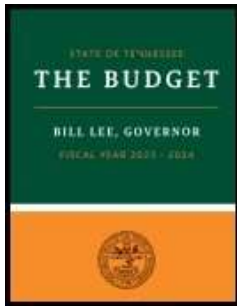
Presentation Overview

- Review of Federal Grant Funding
- Review of Federal Grant Requirements
- General Framework for Decision-Making



2

Federal Education Grants: The numbers



\$1.81 billion

Recommended federal portion for TDOE's total \$8.97 billion 2023-24 budget (about 20 percent)

The bulk of these funds are passed through to LEAs.
Include formula grants and nonrecurring grants.



\$1.07 billion

2023 federal allocation of formula grants

PLUS

\$20.3 million in 2023 federal allocation of nonrecurring grants

3

Federal grants that flow directly to districts



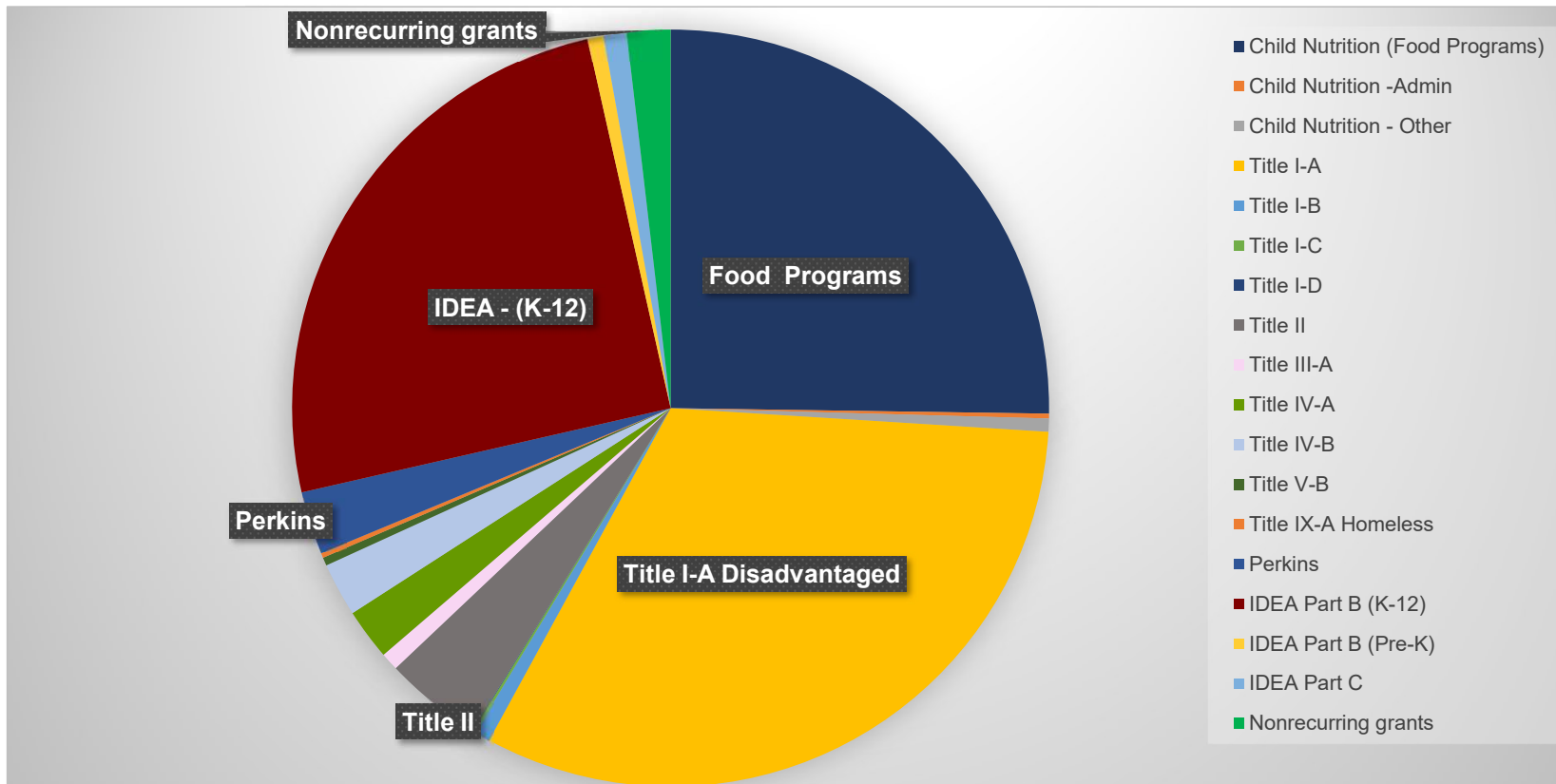
\$109 million

In 2021-22 federal funds received directly by LEAs
Up from almost \$60 million in 2018-19

Funds that are in addition to those that flow through the state:

- impact aid (ESSA Title VII)
- ROTC reimbursements
- Energy grants
- COVID relief grants (nonrecurring)
- and other

Federal 2023 grant allocations



5

Federal 2023 formula grant allocations

Federal formula grant	2023 Allocation
Title I (A-D): Disadvantaged students	\$359 million
Child Nutrition: Meals and snacks, administration, other	\$284 million
IDEA (birth – 12 th grade): Students with disabilities	\$292 million
Title II: Supporting effective instruction	\$ 45 million
Perkins: Career and technical education	\$ 30 million
Title III-A: English learners	\$ 8 million
Title IV-A: Student supports and academic enrichment	\$ 24 million
Title IV-B: 21 st Century – before and after school programs	\$ 25 million
Title V-B: Rural and low income schools	\$ 4 million
Title IX-A: Homeless Youth	\$ 2 million

Federal Grant Requirements

Grant-specific requirements:

Title I-A example - Additional funds to improve education outcomes for students from low-income families

\$349,663,715 (2023 allocation)

- state plan for using grant funds – done as a comprehensive plan for all the ESSA Title funds
- rigorous academic standards
- annual state assessments
- accountability system for school performance that identifies the lowest performing 5 percent of schools

7

Title I-A continued

- state participation in the National Assessment of Educational Progress (NAEP)
- teachers or education assistants working in a program supported with Title I-A funds have met applicable license requirements
- ensure that low-income and minority students in schools receiving Title I-A funds do not have more than the average share of ineffective or inexperienced teachers
- school and district improvement plans for those designated (e.g. priority schools)
- equitable services to non-public schools
- state monitoring and management of districts' spending of Title I-A funds
- evaluation of effectiveness of grant activities

Title I-A continued

- comparable services assurance (LEAs have to provide state/local-funded services in schools receiving Title I that are comparable to services in non-Title I schools)
- maintenance of effort (90 percent of state and local funds spent the previous year)
- supplement not supplant (same state and locally funded services in Title I-A schools as before receiving federal funds)
- All funds except designated set-asides have to be distributed to LEAs
 - up to 1 percent set-aside for state administration
 - seven percent set-aside for designated school improvement, of which 95 percent must go to districts
 - up to 3 percent is allowed for direct student service grants, of which one percent can be withheld for administration

9

Grant-specific requirements:

Title II example – to improve teacher and principal quality

\$45,546,902 (2023 allocation)

- needs assessment to inform the use of funds
- program and financial reporting
- supplement not supplant
- equitable services to non-public schools
- evaluation of effectiveness of grant activities (e.g. surveys; completion, retention, teacher quality data)
- monitoring and management of districts' spending of grant funds
- the state may set aside up to 5 percent of the grant for state-level activities, of which
 - 1 percent can be for state administration
 - 2 percent can be for preparation academies (for teachers, principals, other school leaders)
- At least 95 percent of the grant must pass through to districts, although the state can reserve 3 percent of district funds for principal support

10

General Framework for Decision-Making

11

TENNESSEE COMPTROLLER OF THE TREASURY



The Waiver Option

Seek a waiver from USDOE and/or USDA from specific rules and requirements.

12

Reject and Replace Federal Funding

Scope:

How much would be rejected and from which federal grant or grants?

Recurring federal funding category – to what extent are funding sources bundled or separable?

Nonrecurring funding category

Direct-to-district funding category

Timing:

On a date certain?

Incremental approach? – continue, halt, or reverse

Continued monitoring of changes to funding levels, thresholds, etc.

13

Requirements, Eligibility, and Benefits

- Detailed crosswalk of federal requirements versus state requirements

- Law

- Rules and regulations

- Policies

- Possible requirement categories for the detailed crosswalk

- State requirements that mirror federal requirements

- State requirements that go beyond federal requirements

- Requirements to maintain versus requirements to adjust

14

- Program eligibility levels – maintain or adjust?

- Benefit levels – maintain or adjust?

TENNESSEE COMPTROLLER OF THE TREASURY



Generation and Distribution of Replacement Funding

- Through TISA or done separately?
- State/local split or 100 percent state-funded?
- Same distribution method to local governments as that used currently?
- Set-asides?

15

Other fiscal considerations

- Sustainability of funding sources used to replace federal funding
- Reaction of bond rating agencies
- Current state of carryover federal funding and timeline for spending those dollars
- Assess shift from federal to non-federal sources relative to existing/future contracts

16

Reactions and a Possible Future Step

- USDOE and/or USDA
 - Period of negotiations between one or both federal departments and TN?
- Potential litigation
- Possibly seek an opinion or opinions from the Tennessee Attorney General and Reporter

17

Next Steps

Provide further research assistance to the task force as requested.