TENNESSEE COMPTROLLER OF THE TREASURY

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To: Joint Working Group on Federal Education Funding

From: Russell Moore, Director, Office of Research and Education Accountability

Date: November 5, 2025

Subject: OREA Responses to Questions from Members of the Joint Working Group

Introduction

Several federal programs provide dollars directly to Tennessee local education agencies (LEAs), bypassing the state-level pass-through process used for most K-12 federal education funding streams, such as Elementary and Secondary Education Act (ESEA) grants and funding for the Individuals with Disabilities Education Act (IDEA). These direct-to-district funds originate from several federal agencies, including the U.S. Department of Education, the U.S. Department of Defense, and the U.S. Department of Energy.

In academic year 2023-2024, Tennessee school districts received $85,181,908 in direct federal funds, according to the Tennessee Department of Education's (TDOE) Annual Statistical Report (ASR).[A] The ASR provides a district-level breakdown only for Impact Aid, while other direct-to-district federal funding is reported as a combined total.[B] See Appendix A, ASR Table 15, which includes:

- total allocations of federal funds received by each LEA for Impact Aid,
- other direct federal funds received by LEAs in the aggregate,
- the total of all direct federal funds received by each LEA (Impact Aid and other direct funds), and
- the total of all federal funds received by each LEA – both the funds that go directly to districts from the federal government and those funds, like ESEA grants and IDEA funding, that first pass through the state.

In 2023-24, 80 LEAs received some amount of federal funds directly. Memphis-Shelby County Schools received the top amount (almost $44 million), followed by Metro Nashville Public Schools ($8 million). Other LEAs receiving more than $1 million in direct federal funds that year were:

- Tipton County – $5.3 million
- Anderson County – $4.7 million
- Montgomery County – $3.7 million

[A] The Annual Statistical Report (ASR) is a compilation of self-reported data submitted by Tennessee school districts to the Tennessee Department of Education. ASR data is not audited by the department.
[B] The Tennessee Department of Education refers to Impact Aid in the Department's Annual Statistical Report by its original official name, Public Law 874 or PL 874. Impact Aid is now in law under Title VII of the ESEA.

- Hamilton County – $2 million
- Oak Ridge City Schools – $1.6 million
- Bradley County – $1.6 million
- Knox County – $1.5 million

Select Direct Federal Funding Programs

The Tennessee Department of Education does not track or collect specific data on all federal funds received directly by LEAs; the only federal revenue source received directly by LEAs that TDOE accounts for separately from all other direct funds are Impact Aid dollars. Examples of direct-to-district federally funded programs include but are not limited to:

- Impact Aid (also known as Public Law 874 funds)
- Junior Reserve Officer Training Corps (JROTC) reimbursements
- Renew America's Schools Program (energy grants)

Exhibit 1: Select direct-to-district federal funds, FY 2023-24

Program	Federal agency	Total statewide allocation	Calculation basis	Allocation method	Reporting and monitoring
Impact Aid	Education	$3,146,333	Number and type of federally connected children, assessed property value loss	Direct federal payment to LEA	Annual application, student survey, federal audit
Impact Aid – Children with Disabilities	Education	Included in total above	Number of IDEA-eligible federally connected students	Direct federal payment to LEA (restricted use)	Annual IDEA reporting, federal oversight
JROTC Reimbursement	Defense	Not Available	Supplements instructor pay, educational materials	Direct payment to LEA by service branch	Annual instructor pay/reports to U.S. Department of Defense
Renew America's Schools Grants	Energy	$9,500,000	Competitive Grant Proposal	Direct award to LEA	Grant requirements, such as project progress and financial reporting

Sources: Tennessee Department of Education; National Association of Federally Impacted Schools; U.S. Department of Energy.

Impact Aid (ESEA Title VII)

The Impact Aid program, originally established under Public Law 874 and now codified into law as Title VII of ESEA, offsets local property tax revenue lost due to the presence of non-taxable federal property, such as military installations, Indian lands, or other federally owned property, within a school district's boundaries. Impact Aid is intended to recognize this loss and provide federal funding in its place. Most Impact Aid funding is unrestricted; LEAs may use it for instructional materials, salaries, transportation, technology, capital needs, and other purposes.

Section 7002 of Title VII – Federal Property

Section 7002 provides partial reimbursements to LEAs for the loss of local revenue tied to non-taxable federal property. Examples of eligible federal property include:

- national parks and grasslands,
- national laboratories,
- Army Corps of Engineers projects,
- military testing grounds,
- military academies, and
- federal dams and reservoirs.

Approximately 200 school districts nationwide are eligible for funding through this provision. Districts must apply annually to the U.S. Department of Education to receive these funds. Payments are based on a formula that uses data such as the total assessed value of taxable property, the number of federal acres, and the local tax rate.

Section 7003 of Title VII – Basic Support for Federally Connected Children

Section 7003 provides funding to school districts that educate at least 400 federally connected children. To account for the variation in the amount of local property tax revenue lost based on where these students live, weights are applied to the student categories.

To qualify, LEAs must serve federally connected children, including those who:

- reside with a parent on active duty in the Uniformed Services,
- reside on Indian lands,
- reside on federal property, and
- have a parent that is employed on federal property.

To receive funds, districts must verify the number and type of federally connected students each year through a parent-pupil survey or a USDOE-approved source check (such as employer, tribe, or housing records).

Section 7003 also includes a subsection (7003(d)) that provides supplemental funding for the additional costs of educating federally connected students with disabilities who have individualized education programs (IEPs). Unlike Section 7002 funds and other Section 7003 funds, Section 7003(d) funds are restricted and must be spent in compliance with IDEA requirements.

Tennessee Context

In the 2023-24 school year, Tennessee LEAs received approximately $3.1 million in Impact Aid funding. Clarksville-Montgomery County Schools, located near Fort Campbell, received the largest allocation of almost $2 million.

Exhibit 2: Allocations of Impact Aid to Tennessee LEAs, academic year 2023-24

School district	AY 2023-2024 amount
Oak Ridge City *(Anderson)*	$ 23,692
McKenzie City *(Carroll)*	2,404
Clay County	123,721
DeKalb County	180,912
Hamilton County	85,644
Fayetteville City *(Lincoln)*	7,082
Montgomery County	1,971,689
Pickett County	52,134
Millington City *(Shelby)*	239,895
Stewart County	207,867
Unicoi County	251,293
Total	**$ 3,146,333**

Source: Tennessee Department of Education, Annual Statistical Report, Table 15, 2023-24.

Junior ROTC Funds – U.S. Department of Defense

The Junior Reserve Officer Training Corps (JROTC) program is a federally funded program of instruction for high school-age students administered by the United States Armed Forces. Congress annually appropriates JROTC funds as part of the U.S. Department of Defense's (DOD) budget. The DOD provides funding for JROTC equipment and supplies and partially reimburses instructor salaries for the JROTC program. School districts are responsible for the remaining costs and overall management of the program within their schools. Although the DOD budget does not provide a breakdown of JROTC related funds by LEA, 77 schools in 26 Tennessee LEAs have an Army JROTC program and receive direct federal funds. Tennessee LEAs with JROTC programs for the Air Force, Navy, and/or Marines also receive direct federal funds.

Renew America's Schools Program Energy Grants

The U.S. Department of Energy administers competitive grants through the Renew America's Schools Program to provide funds for upgrades that decrease energy use and costs, improve indoor air quality, and foster healthier learning environments. The grant program prioritizes high-need facilities in rural and economically disadvantaged areas.

For the 2022-23 school year, the Department of Energy awarded $178 million nationally to 24 awardees, including $9.5 million to Memphis-Shelby County Schools.

Grant recipients must meet certain requirements, including the submission of energy audits, strategic plans, and other records and documents.

Appendix A: Table 15 in TDOE's Annual Statistical Report

This appendix includes total allocations of federal funds received by each LEA for P.L. 874 funds, also known as Impact Aid, other direct federal funds received by LEAs in the aggregate, the total of all direct federal funds received by each LEA (Impact Aid and other direct funds), and the total of all federal funds received by each LEA – both the funds that go directly to districts from the federal government and those funds, like ESEA grants and IDEA funding, that first pass through the state.

The Tennessee Department of Education does not track or collect specific data on all federal funds received directly by LEAs.

	FEDERAL FUNDS RECEIVED DIRECTLY	P. L. 874 FUNDS	OTHER DIRECT FEDERAL REVENUE	TOTAL FEDERAL FUNDS RECEIVED DIRECTLY	TOTAL ALL FEDERAL FUNDS
010	ANDERSON COUNTY	$0	$4,693,961	$4,693,961	$17,770,747
011	CLINTON	$0	$0	$0	$1,900,493
012	OAK RIDGE	$23,692	$1,599,743	$1,623,435	$9,174,518
020	BEDFORD COUNTY	$0	$0	$0	$16,862,949
030	BENTON COUNTY	$0	$0	$0	$5,869,928
040	BLEDSOE COUNTY	$0	$0	$0	$9,203,908
050	BLOUNT COUNTY	$0	$653,665	$653,665	$18,912,881
051	ALCOA	$0	$0	$0	$3,777,822
052	MARYVILLE	$0	$381,524	$381,524	$4,199,004
060	BRADLEY COUNTY	$0	$1,592,302	$1,592,302	$13,538,117
061	CLEVELAND	$0	$0	$0	$13,659,179
070	CAMPBELL COUNTY	$0	$62,236	$62,236	$12,456,921
080	CANNON COUNTY	$0	$0	$0	$4,773,780
090	CARROLL COUNTY	$0	$0	$0	$0
092	*HOLLOW ROCK-BR	$0	$0	$0	$1,728,358
093	*HUNTINGDON	$0	$212,933	$212,933	$4,809,263
094	*MCKENZIE	$2,404	$411,623	$414,027	$2,783,592
095	*S. CARROLL	$0	$19,876	$19,876	$1,272,808
097	*W. CARROLL	$0	$0	$0	$2,630,335
100	CARTER COUNTY	$0	$87,026	$87,026	$18,814,935
101	ELIZABETHTON	$0	$0	$0	$7,157,604
110	CHEATHAM COUNTY	$0	$57,132	$57,132	$9,590,770
120	CHESTER COUNTY	$0	$0	$0	$4,649,672
130	CLAIBORNE COUNTY	$0	$0	$0	$10,856,398
140	CLAY COUNTY	$123,721	$0	$123,721	$2,876,495
150	COCKE COUNTY	$0	$197,685	$197,685	$18,788,635

151	NEWPORT	$0	$0	$0	$2,762,147
160	COFFEE COUNTY	$0	$35,164	$35,164	$9,647,771
161	MANCHESTER	$0	$0	$0	$3,079,308
162	TULLAHOMA	$0	$49,060	$49,060	$7,153,862
170	CROCKETT COUNTY	$0	$0	$0	$3,995,652
171	ALAMO	$0	$40,934	$40,934	$1,238,528
172	BELLS	$0	$22,955	$22,955	$1,197,984
180	CUMBERLAND COUNTY	$0	$0	$0	$21,377,564
190	DAVIDSON COUNTY	$0	$8,048,703	$8,048,703	$364,516,962
200	DECATUR COUNTY	$0	$0	$0	$5,056,956
210	DEKALB COUNTY	$180,912	$0	$180,912	$6,874,861
220	DICKSON COUNTY	$0	$142,090	$142,090	$18,815,041
230	DYER COUNTY	$0	$65,498	$65,498	$7,150,807
231	DYERSBURG	$0	$0	$0	$8,720,345
240	FAYETTE COUNTY	$0	$817,022	$817,022	$9,756,750
250	FENTRESS COUNTY	$0	$84,590	$84,590	$6,700,940
260	FRANKLIN COUNTY	$0	$0	$0	$14,445,388
270	GIBSON COUNTY	NA	NA	NA	NA
271	HUMBOLDT	$0	$3,256	$3,256	$4,730,118
272	*MILAN	$0	$0	$0	$4,361,164
273	*TRENTON	$0	$0	$0	$3,469,757
274	*BRADFORD	$0	$36,890	$36,890	$1,195,848
275	*GIBSON CO. SPEC.	$0	$0	$0	$4,819,089
280	GILES COUNTY	$0	$0	$0	$10,239,667
290	GRAINGER COUNTY	$0	$74,934	$74,934	$9,374,851
300	GREENE COUNTY	$0	$111,479	$111,479	$16,435,820
301	GREENEVILLE	$0	$66,098	$66,098	$6,474,069
310	GRUNDY COUNTY	$0	$39,694	$39,694	$6,981,095
320	HAMBLEN COUNTY	$0	$0	$0	$24,838,429
330	HAMILTON COUNTY	$85,644	$1,988,071	$2,073,715	$128,522,485
340	HANCOCK COUNTY	$0	$0	$0	$3,387,734
350	HARDEMAN COUNTY	$0	$97,781	$97,781	$12,003,224
360	HARDIN COUNTY	$0	$0	$0	$7,645,295
370	HAWKINS COUNTY	$0	$133,452	$133,452	$19,326,420
371	ROGERSVILLE	$0	$0	$0	$1,456,529
380	HAYWOOD COUNTY	$0	$75,399	$75,399	$8,329,993
390	HENDERSON COUNTY	$0	$71,862	$71,862	$8,792,607
391	LEXINGTON	$0	$0	$0	$1,537,608
400	HENRY COUNTY	$0	$0	$0	$8,522,932
401	*PARIS	$0	$0	$0	$4,923,481
410	HICKMAN COUNTY	$0	$62,624	$62,624	$10,353,835
420	HOUSTON COUNTY	$0	$0	$0	$2,817,246

430	HUMPHREYS COUNTY	$0	$0	$0	$6,760,312
440	JACKSON COUNTY	$0	$0	$0	$4,872,279
450	JEFFERSON COUNTY	$0	$77,448	$77,448	$13,945,396
460	JOHNSON COUNTY	$0	$57,238	$57,238	$7,357,641
470	KNOX COUNTY	$0	$1,450,558	$1,450,558	$121,603,910
480	LAKE COUNTY	$0	$0	$0	$2,649,716
490	LAUDERDALE COUNTY	$0	$132,113	$132,113	$13,377,278
500	LAWRENCE COUNTY	$0	$0	$0	$16,245,545
510	LEWIS COUNTY	$0	$0	$0	$3,848,017
520	LINCOLN COUNTY	$0	$41,255	$41,255	$5,390,748
521	FAYETTEVILLE	$7,082	$0	$7,082	$2,885,429
530	LOUDON COUNTY	$0	$221,374	$221,374	$10,425,620
531	LENOIR CITY	$0	$379,059	$379,059	$6,211,429
540	MCMINN COUNTY	$0	$462,991	$462,991	$15,668,207
541	ATHENS	$0	$1,337	$1,337	$5,166,334
542	ETOWAH	$0	$108	$108	$1,255,700
550	MCNAIRY COUNTY	$0	$0	$0	$10,751,359
560	MACON COUNTY	$0	$0	$0	$11,096,809
570	MADISON COUNTY	$0	$70,742	$70,742	$39,637,382
580	MARION COUNTY	$0	$0	$0	$10,061,609
581	*RICHARD CITY	$0	$0	$0	$363,515
590	MARSHALL COUNTY	$0	$328,456	$328,456	$8,831,528
600	MAURY COUNTY	$0	$210,689	$210,689	$19,715,754
610	MEIGS COUNTY	$0	$0	$0	$4,102,351
620	MONROE COUNTY	$0	$203,549	$203,549	$10,059,545
621	SWEETWATER	$0	$0	$0	$3,595,940
630	MONTGOMERY COUNTY	$1,971,689	$1,732,033	$3,703,722	$66,361,405
640	MOORE COUNTY	$0	$0	$0	$1,125,442
650	MORGAN COUNTY	$0	$0	$0	$9,913,729
660	OBION COUNTY	$0	$49,054	$49,054	$8,476,362
661	UNION CITY	$0	$0	$0	$3,961,508
670	OVERTON COUNTY	$0	$15,447	$15,447	$7,300,040
680	PERRY COUNTY	$0	$0	$0	$2,124,590
690	PICKETT COUNTY	$52,134	$0	$52,134	$2,283,937
700	POLK COUNTY	$0	$294,919	$294,919	$5,058,136
710	PUTNAM COUNTY	$0	$132,461	$132,461	$25,722,087
720	RHEA COUNTY	$0	$243,315	$243,315	$10,248,046
721	DAYTON	$0	$0	$0	$4,288,753
730	ROANE COUNTY	$0	$0	$0	$15,591,608
740	ROBERTSON COUNTY	$0	$82,587	$82,587	$17,703,840
750	RUTHERFORD COUNTY	$0	$808,831	$808,831	$57,382,143
751	MURFREESBORO	$0	$352,965	$352,965	$18,581,572

760	SCOTT COUNTY	$0	$0	$0	$8,989,484
761	*ONEIDA	$0	$0	$0	$5,003,540
770	SEQUATCHIE COUNTY	$0	$0	$0	$7,369,011
780	SEVIER COUNTY	$0	$0	$0	$22,132,713
792	SHELBY COUNTY	$0	$43,910,237	$43,910,237	$447,891,961
793	ARLINGTON	$0	$0	$0	$5,628,242
794	BARTLETT	$0	$0	$0	$11,304,692
795	COLLIERVILLE	$0	$0	$0	$16,113,627
796	GERMANTOWN	$0	$0	$0	$4,051,382
797	LAKELAND	$0	$42,171	$42,171	$1,469,858
798	MILLINGTON	$239,895	$98,089	$337,984	$5,713,019
800	SMITH COUNTY	$0	$237,862	$237,862	$7,967,812
810	STEWART COUNTY	$207,867	$0	$207,867	$5,035,049
820	SULLIVAN COUNTY	$0	$328,358	$328,358	$28,081,404
821	BRISTOL	$0	$26,888	$26,888	$9,527,209
822	KINGSPORT	$0	$79,435	$79,435	$18,004,525
830	SUMNER COUNTY	$0	$247,956	$247,956	$41,839,791
840	TIPTON COUNTY	$0	$5,308,157	$5,308,157	$24,903,180
850	TROUSDALE COUNTY	$0	$0	$0	$2,289,406
860	UNICOI COUNTY	$251,293	$261,890	$513,183	$6,398,138
870	UNION COUNTY	$0	$87,270	$87,270	$9,919,239
880	VAN BUREN COUNTY	$0	$0	$0	$2,587,733
890	WARREN COUNTY	$0	$75,013	$75,013	$18,957,602
900	WASHINGTON COUNTY	$0	$156,434	$156,434	$11,878,152
901	JOHNSON CITY	$0	$73,984	$73,984	$11,057,591
910	WAYNE COUNTY	$0	$39,185	$39,185	$5,589,132
920	WEAKLEY COUNTY	$0	$349,316	$349,316	$9,676,052
930	WHITE COUNTY	$0	$540,052	$540,052	$11,900,294
940	WILLIAMSON COUNTY	$0	$538,970	$538,970	$18,951,132
941	*FRANKLIN	$0	$0	$0	$4,077,669
950	WILSON COUNTY	$0	$248,516	$248,516	$17,887,028
951	*LEBANON	$0	$0	$0	$5,810,593
985	ASD	$0	$0	$0	$36,321,571
987	TN PUBLIC CHARTER COMMISSION	$0	$0	$0	$12,607,259
	GRAND TOTAL	$3,146,333	$82,035,575	$85,181,908	$2,490,026,917
	*SPECIAL SCHOOL DISTRICT				