




JUSTIN P. WILSON
Comptroller

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Chief of Staff

To: The Honorable Randy McNally, Speaker of the Senate
The Honorable Beth Harwell, Speaker of the House of Representatives
The Honorable Dolores Gresham, Chair, Senate Education Committee
The Honorable Harry Brooks, Chair, House Education Administration and Planning Committee
The Honorable John Forgety, Chair, House Education Instruction and Programs Committee
The Honorable Bo Watson, Chair, Senate Finance, Ways, and Means Committee
The Honorable Charles Sargent, Chair, House Finance, Ways, and Means Committee

From: Justin P. Wilson, Comptroller of the Treasury 

Date: September 10, 2018

Subject: Fiscal year 2018-19 Basic Education Program (BEP) calculation

For the third consecutive year, the Comptroller's Office has verified the calculation of the BEP formula, and I am very pleased to share this year's results. While we identified some points for revision, I want to commend the Department of Education for the overall accuracy of this year's calculation.

All total, the revisions identified by the Comptroller's Office amounted to a net underallocation of \$111,000 in state funding: \$242,000 in underallocations to 55 districts, and \$131,000 in overallocations to 26 districts. The remaining 61 districts had no change in funding.

Out of a calculation of over \$4.7 billion, a net discrepancy of \$111,000 is exceedingly small.

The department has indicated that it will incorporate the revisions into its mid-year update when insurance premiums increase in January.

Again, I am extremely pleased with the results of this year's review and the efforts of Commissioner McQueen and her staff. Following last year's verification, the department implemented a new quality assurance process to catch and remedy errors before payments were made to school districts. As we verified the formula this year, it was obvious the department had taken time to review the calculation and correct prior issues, and it appears this new process produced a more accurate BEP calculation.

A summary of the revision points is attached.

Attachment: Summary of revision points

Individually and taken together, the revision points identified for fiscal year 2018-19 are negligible.

School based positions

Although most components in the BEP are based on overall district enrollment, several positions are generated based on individual school enrollment. One elementary school was miscoded as a high school and, as a result, generated funding for high school positions rather than elementary positions. Because these positions have different funding ratios, the school received the incorrect amount of funding for these components. Additionally, two schools for special education students were coded as high schools rather than schools with all grades, and so did not generate funding for elementary positions.

Student miles for Carroll County career and technical transportation

Carroll County School District does not operate a K-12 program, but provides special education and career and technical education (CTE) services for the five special school districts within the county. Accordingly, the county district receives CTE transportation funding through the Classroom category for students transported from the five special school districts. In this year's calculation, several students in three of the five special school districts were double counted in the CTE transportation calculation, thus inflating the total for the component.

Transportation regression

In the Non-Classroom category, the transportation component uses a multiple regression to predict the cost of transporting students in the current school year based on the cost of transportation in prior years. After the regression was run, two districts subsequently updated their transportation counts. Rerunning the regression with the updated data produced slightly different outputs and changed transportation funding for all districts that transport students.

Unit cost for special education instructional materials

Within the Classroom category, instructional materials for special education is one of many components that is adjusted annually for inflation. The inflation factor for the current year did not result in an upward adjustment, and this year's unit cost remained the same as last year's. The amount was accidentally transposed, however, and funded at \$35.60 per student, rather than the prior year figure of \$36.50.

cc: The Honorable Candice McQueen, Commissioner, Department of Education
The Honorable Larry Martin, Commissioner, Department of Finance and Administration
Dr. Sara Morrison, Executive Director, State Board of Education
Mr. Stephen Smith, Chief of Staff to the Governor