



# Local Finance Updates

**Holly Kellar**

*Director of Local Finance | Division of Finance*

*2024 Annual Fiscal Workshop*

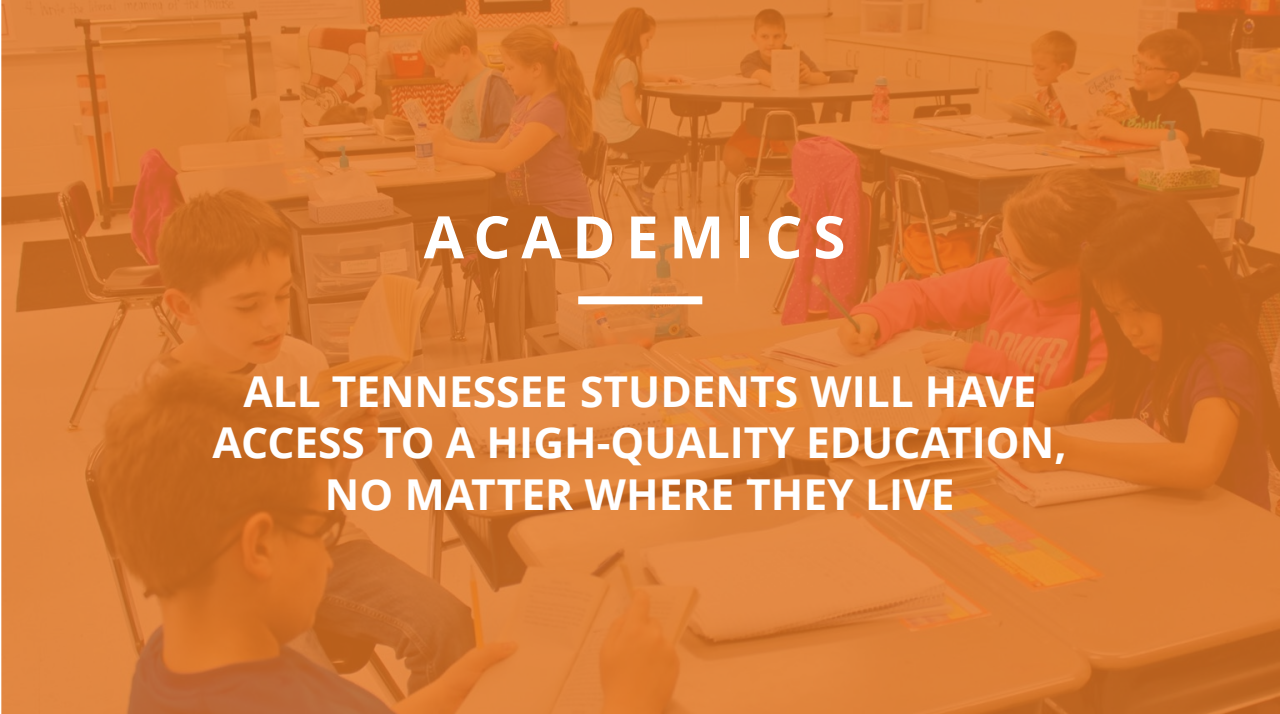






**BEST** FOR  
**ALL**

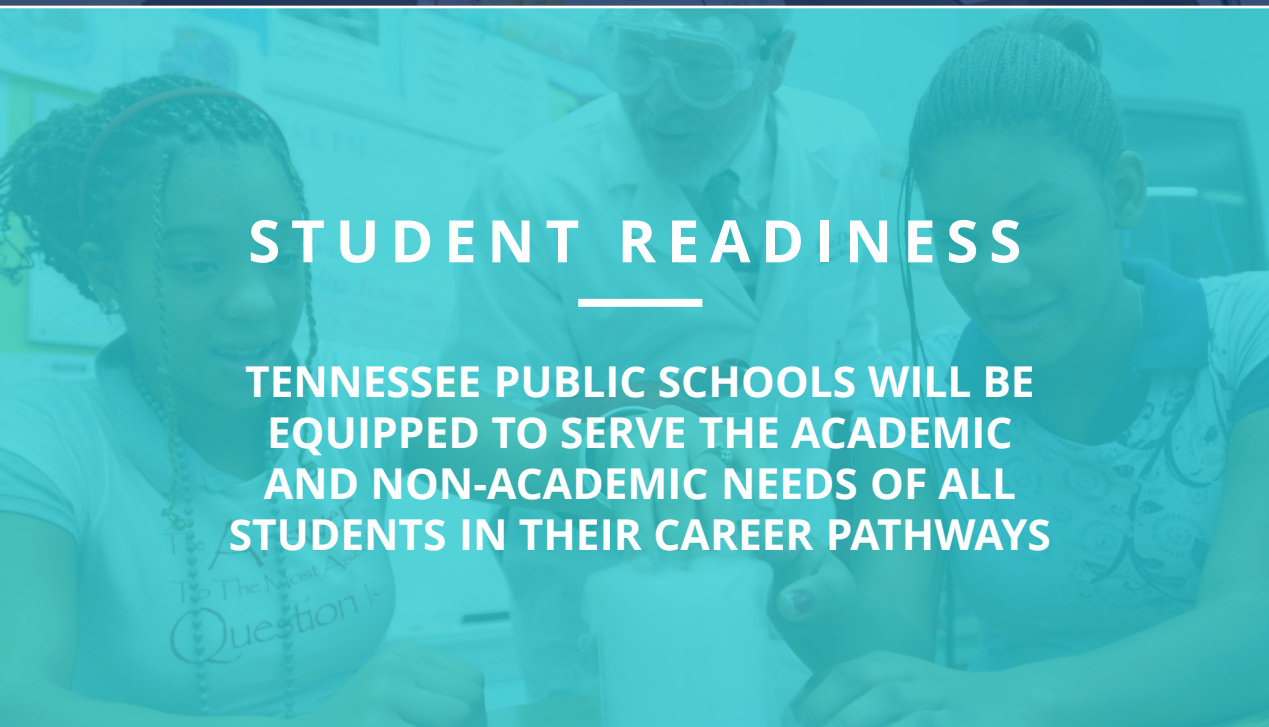
We will set all students on a path to success.



## ACADEMICS

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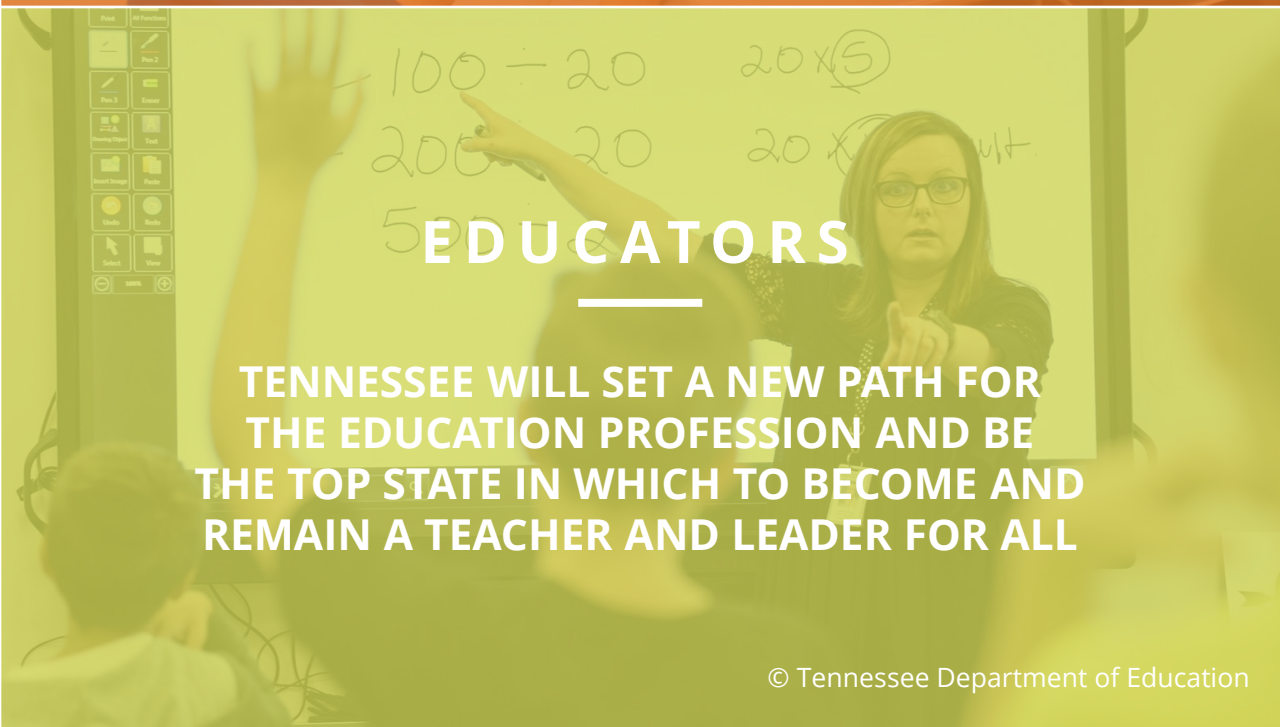
**ALL TENNESSEE STUDENTS WILL HAVE ACCESS TO A HIGH-QUALITY EDUCATION, NO MATTER WHERE THEY LIVE**



## STUDENT READINESS

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**TENNESSEE PUBLIC SCHOOLS WILL BE EQUIPPED TO SERVE THE ACADEMIC AND NON-ACADEMIC NEEDS OF ALL STUDENTS IN THEIR CAREER PATHWAYS**



## EDUCATORS

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**TENNESSEE WILL SET A NEW PATH FOR THE EDUCATION PROFESSION AND BE THE TOP STATE IN WHICH TO BECOME AND REMAIN A TEACHER AND LEADER FOR ALL**



# Agenda

- From Now until June 30
- Year-end Adjustments
- Reporting
- What to Look for in FY25
- Fiscal Technical Assistance Resources
- Questions



**From Now Until June 30**



# Career Ladder

- First payment made in mid-October
  - Based on previous year's December 1 report in TN Compass
  - 50% of estimated payment paid out
- Second and final payment made in mid-April
  - Final calculation based on teacher data reported by LEAs on the December 1, 2023, TN Compass report
- Payments may be made to eligible teachers prior to receiving funds from the state.
  - Local decision
- Payments made based on a 200-day contract
  - Payments pro-rated if less than 200 days worked (but more than 100 days)

# Career Ladder

- Teacher eligibility
  - Must work 100 days
  - Must be in an instructional position
  - School nutrition supervisors have a special provision that entitles them to the Career Ladder supplement.
- Retirees on 120-day contract are eligible if:
  - Work at least 100 days in an instructional position
  - Have an active license with a Career Ladder endorsement
- Retirees who return to work under the 85% provision are not eligible for the Career Ladder supplement. T.C.A. § 8-36-821

# Career Ladder

- Retirees who return to work under the 70% retirement allowance are eligible for the Career Ladder supplement, as the law does not specifically exclude them. T.C.A. § 8-36-822
  - Must have an active Career Ladder license
- Do self-audit to determine eligibility of all regular teachers and reemployed retirees.
  - [0520-02-02](#) Career Ladder
  - Check TN Compass to confirm teacher Career Ladder endorsement
- CEO supplements will be paid in FY24.

# Weighted Full-Time Equivalent Average Daily Attendance (WFTEADA)

- Used to distribute local taxes for education in multi-system counties (T.C.A. § 49-3-315)
- Uses the highest two periods' ADA of the first three periods of the year
- Not used in the TISA calculation
- Finalized and emailed to county trustees, director of schools, and district finance directors on February 27
  - Resent notification on April 17 (glitch with some first-round emails)
- Be sure to review ADA data and make any corrections early in the year.



# Driver's Education

- Funded in part through traffic fines
- Collections are slowly returning to pre-pandemic levels
- Approximately \$1,100,000 available this year to fund the program
- Student count taken from EIS to determine payment to LEA
  - Students scheduled for Driver's Education course code G08H03
  - Verify students are enrolled correctly in both semesters
  - Student counts pulled around February 1 each year
- Payments made on a per pupil basis
  - \$77.21 per eligible student in FY24
  - Payments sent out in mid-April

# Growth Funding

- **Fast-Growth Student Stipend**

LEAs with current-year growth in allocation above 1.25% from the prior year will receive additional funds to support growing student population and needs.

- **Fast Growing Infrastructure Stipend**

LEAs with 2% ADM growth each year for three consecutive years may also receive an infrastructure stipend to support longer-term needs of consistent high growth.

# Fast Growth Stipends

- \$35 million appropriated in FY24
- LEAs with current-year growth in the TISA allocations
  - Factors in base, weights, and direct funding only
- Funding generated by students in nonvirtual schools.
- Based on excess amount over 1.25% that the generated funding has increased as compared to the prior year.
- State portion of allocated funds is applied to excess funds to determine the stipend allocation.
- Qualifying districts received payments equivalent to 20% of the total stipend in November, January, and March.
- 4<sup>th</sup> payment is being calculated now.
- 5<sup>th</sup> and final payment will be made in July.

# Fast Growth Stipends

- July payment will be a true-up to reflect final FY24 data.
- 37 districts have received fast growth stipends so far this year.
- Final payments will likely vary from the estimated payment.
- Some districts will receive a payment that did not receive an estimate.
- Some districts may owe funds back to the state if the estimate exceeds actual fast growth funding.
  - Will be netted against final TISA payment
- Final fast growth payment must be accrued on your financials.



# Infrastructure Stipends

- Subset of fast-growth funds designed to support districts with sustained growth over a three-year period
- Provided only if there are available funds remaining in the state budget after paying out the fast-growth stipends
- For the 2023-24 school year, the state budget provides up to \$10 million for infrastructure stipends.
- Districts with an increase in average daily membership (ADM) of non-virtual students over 2% in each of the prior 3 school years
- Payment made once a year in October
- Represents the prior year's calculations after all fast-growth stipends are paid

# Outcomes Payments

- As part of TISA, \$80 million was appropriated for student-generated outcomes bonuses for FY24.
- This was 100% state-funded and did not require an additional local contribution.
- Incentive dollars for LEAs were based on achievement of member students in the LEA's public schools, including authorized charter schools.
- Outcomes payments were issued to LEAs in December, February, and March.
- The full \$80 million appropriated was paid out.

# June TISA Payment

- June 15 TISA payment
  - 75% of final TISA payment
  - 100% of final salary equity payment
- June 30 payment
  - 25% of final TISA payment less any applicable adjustments
- Final payment may have to be accrued

# Year-End Adjustments



# Year-End Adjustments

- Total June TISA payment may not be the amount you have been receiving due to various year-end adjustments.
- Regional finance consultants will have the spreadsheet of all the adjustments and will be able to explain any differences in your final payment.

# Year-End Adjustments

- Final TISA payment adjusted for:
  - Individualized Education Account
  - Juvenile Detention Centers
  - Fast growth stipend
  - Knox County L & N STEM School
  - ADM True-up for payments
    - Achievement School District (ASD) and TN Public Charter School Commission (PCSC) withheld from Metropolitan Nashville Public Schools (MNPS) and Memphis Shelby County Schools (MSCS)
  - Education Savings Accounts (ESA) payments (MNPS, MSCS, Hamilton, and ASD)

# Individualized Education Account

- Student enrolled in the IEA program
  - Correct student classification and course code keeps the student enrolled for funding purposes only (need both in EIS)
    - Classification code 8
    - Course code 9696
- Student's share of TISA funding (state and required local match) is distributed to the student/parent during the year.
- Total distributed to each student is deducted from the final June TISA payment for the LEA in which the student was previously enrolled.

# Juvenile Detention Centers (JDC)

- Students remanded to a JDC remain enrolled in their home district, with a classification code indicating the JDC to which they are remanded (e.g. JDC005).
- Funds will be transferred by the Tennessee Department of Education (TDOE) from the home district to the district in which the JDC is located.
- Daily rate is calculated based on each district's revenues.
- Amount transferred is the number of days the student was coded with the JDC code multiplied by the daily rate.



# ADM Adjustments for ASD and TPCSC

- Final ADM for FY24 will be calculated for all LEAs, including ASD and TPCSC.
- Adjustments will be made in the amounts withheld from MNPS and MSCS for ASD and TPCSC to align with current year enrollment.

# Fast Growth Stipends

- If the estimated growth payments throughout the year exceeded the amount actually due, the amount of overpayment will be deducted from the final TISA payment.

# Year-end Adjustments

## TISA On-behalf Payments

- TISA On-behalf Payments: Funds generated by students but not issued to the LEA
  - ACT
  - Education Savings Accounts (ESA) Program
  - Individualized Education Account (IEA) Program
  - Juvenile Detention Center
  - Other items/programs
- TISA - On-behalf Payments must be reported by the LEA on their financials.
- Annually, the department will notify LEAs at fiscal year-end of their TISA - On-behalf Payments.
  - LEAs should post journal entries with a date of no later than June 30.

# Reporting

# Per Pupil Expenditures by School

- Requirement under ESSA for the per pupil expenditures of federal, state and local funds
  - Actual personnel expenditures
  - Actual non-personnel expenditures
  - Disaggregated by source of funds
  - Each local education agency **and each school** in the state
  - For the preceding fiscal year
- Template will be sent out from Local Finance
  - Likely earlier than in the past to meet report card timeline
- Prepare as you are closing your books

# Per Pupil Expenditures by School

- Per pupil expenditures by school have been reported since FY19.
- Data for prior years may be viewed and downloaded from the Data Download section on the report card page for a specific year.
- Link to [report card](#)

# Salary Transparency Act of 2019

- T.C.A. § 49-3-306 has required districts to report to the department of education how any increases in state funding for instructional salaries and wages were utilized.
- Survey will be sent to districts asking for information on how the additional salary funding in FY24 was used.
- Survey will be different this year due to the restrictions that TISA has placed on the new salary dollars for “existing educators”.
- Funds may not be spent on new positions or benefits.

# Salary Transparency Act of 2019

- FY23 survey results

Table 1: Compensation and Staffing Strategies used by LEA

| Strategy                                  | # of LEAs Using | % of Respondents |
|---|-----------------|------------------|
| Increase to Salary Schedule               | 125             | 88.65%           |
| Salary Schedule Step Increases            | 62              | 43.97%           |
| Differentiated Pay                        | 9               | 6.38%            |
| Bonus Payments                            | 12              | 8.51%            |
| Covering Additional Positions             | 8               | 5.67%            |
| Adding Additional Positions               | 10              | 7.09%            |
| Supporting Benefits (instructional staff) | 8               | 5.67%            |



# What to Look for in FY25

# Budgets FY25

- State FY25 Education budget approved by the General Assembly
  - State \$7,373,369,300
  - Federal \$1,146,633,500
  - Other \$ 210,280,400
  - Total \$8,730,283,200
- TISA \$6,614,261,466 (primary formula only)
  - \$261M increase over FY24
- State Special Schools \$58,621,400
- \*NOTE: Taken from the Governor's proposed budget document

# Budgets FY25

- Public School Security Grant
  - FY24 - Non-recurring funding
  - FY25 - Only carryover funds
- Non-Public School Security Grant
  - FY24 - Non-recurring funding
  - FY25 - Only carryover funds
- School Resource Officer Grant
  - \$140,000,000
  - Administered by Department of Safety
  - Funds will flow directly to local law enforcement agencies

# Budgets FY25

- Special Education Preschool Grant - \$18,000,000
  - Recurring funds
  - Provide funding for special education supports for pre-kindergarten students with disabilities
- Summer Learning Camps and Transportation
  - Recurring funding for summer camps for rising kindergarten through rising 9<sup>th</sup> grade students
  - Recurring funding for summer camp transportation
- TISA Restricted Salary Funds - \$125,000,000

# Budgets FY25

- TISA Restricted Salary Funds - \$125,000,000
  - Included in the proposed TISA base of \$7,075
  - Must be used to improve **existing educators'** salaries
    - May not be used to fund newly created positions
    - May not be used for benefits
  - Existing educator is defined pursuant to T.C. A. § 49-3-104(11) as an individual who is evaluated pursuant to §49-1-302(d)(2) and who provides direct service to students at school sites.
  - Principal and assistant principal not covered, unless employee is a teaching principal with classes.
  - School counselors, school psychologists, librarians included
    - Holds a license issued by the State Board of Education
    - Evaluated to receive a level of effectiveness (LOE) score
    - Provides direct services to students

# Budgets FY25

- April TISA estimate includes the estimated amount each district needs to restrict for salary improvements
  - Based on each district's proportionate share of the statewide base ADM

| April FY24 TISA - Estimated Funds for Existing Educator Salary Increases |  |          |                     |
|--|--|----------|---------------------|
| School Base ADMs   |  |          | 387.76              |
| Statewide Base ADMs  |  | /        | 966,385.75          |
| School % of Statewide Base ADMs  |  | =        | 0.04%               |
| School % of All Statewide Base ADMs                                      |  |          | 0.04%               |
| Existing Educator Salary Increase Restricted Funds                       |  | x        | \$ 125,000,000.00   |
| <b>District Restricted Funds - Existing Educator Salary Increases</b>    |  | <b>=</b> | <b>\$ 50,155.72</b> |

# Budgets FY25

- State minimum salary schedule
  - State board of education approves the state minimum salary schedule each year.
  - Approval to increase the minimum salary to \$44,500 will be voted on at the May state board meeting.
  - No change to increments for advanced degrees or at steps 6 and 11.
  - Review district's salary schedules.
    - Increase if necessary to meet the new minimums.
    - Check all degrees and steps against the new minimum salary schedule to ensure compliance.
  - No prescribed across the board increase for certified staff.
  - Districts have flexibility in using restricted salary dollars.
  - Districts must only meet the minimum salary schedule.

# Budgets FY25

- Salary equity funding
  - No change to amounts in FY25
  - Must be used to increase the salaries of existing positions
  - May not be used to fund newly created positions
  - Will continue to be paid out 10 times during the year, on the same schedule as TISA payments



# Budgets FY25

## ■ TCRS

- Certified rate for the legacy plan is 6.36%.
- Certified rate for the hybrid plan remains at 9.0%.
  - Actuarially Determined Contribution (ADC) Rate is 3.0%
  - Total employer rate is 4.0%.
  - Only contribute the ADC rate for federally funded teacher salaries.
  - Employer rate for the defined contribution portion of the hybrid plan is 5%.
- Notifications sent to Directors of Schools
  - Copies available from Local Finance

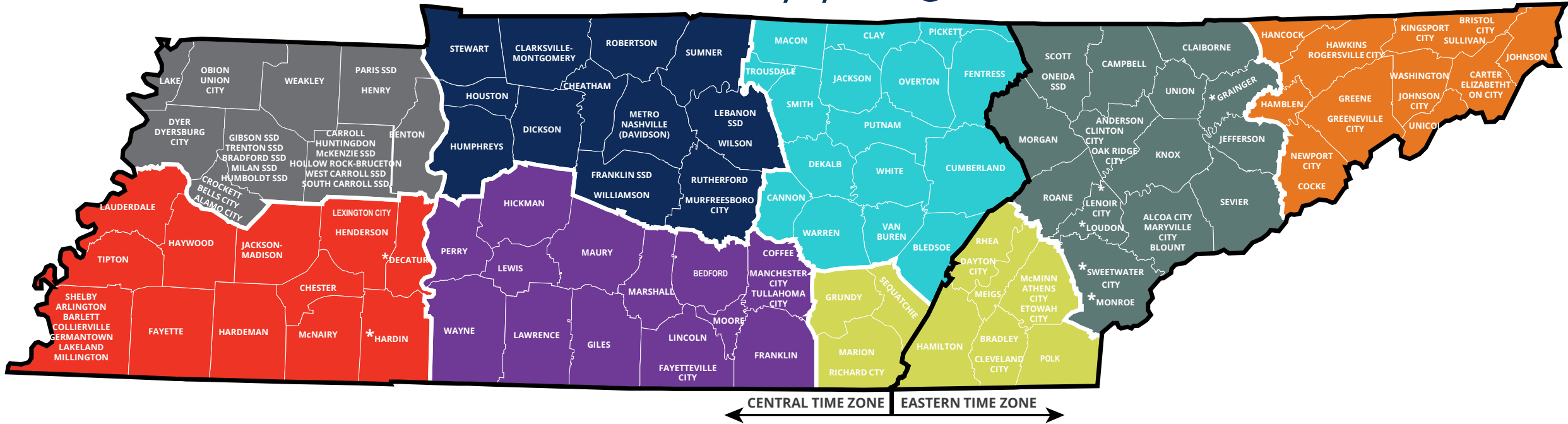
## ■ Medical insurance premiums

- Expected to increase January 1, 2025
- Projected average rate of increase in the 7% range

# Resources

# Regional Finance Consultant District Map

As of 11/1/2023



| Northwest  | Southwest  | Mid Cumberland   | Upper Cumberland   | South Central  | Southeast  | East TN  | First TN   |
|--|--|--|--|--|--|--|--|
| Joshua Dehnz   | Meribeth Carpenter   | Rob Mynhier  | Brian Trisdale   | Jasmine Taylor   | Taffe Bishop   | Shelby Ownbey  | Jill Lewis   |
| <a href="mailto:Joshua.Dehnz@tn.gov">Joshua.Dehnz@tn.gov</a> | <a href="mailto:Meribeth.B.Carpenter@tn.gov">Meribeth.B.Carpenter@tn.gov</a> | <a href="mailto:Robert.Mynhier@tn.gov">Robert.Mynhier@tn.gov</a> | <a href="mailto:Brian.Trisdale@tn.gov">Brian.Trisdale@tn.gov</a> | <a href="mailto:Jasmine.Taylor@tn.gov">Jasmine.Taylor@tn.gov</a> | <a href="mailto:Taffe.Bishop@tn.gov">Taffe.Bishop@tn.gov</a> | <a href="mailto:Shelby.Ownbey@tn.gov">Shelby.Ownbey@tn.gov</a> | <a href="mailto:Jill.Lewis@tn.gov">Jill.Lewis@tn.gov</a> |

\*Districts that are assigned to a finance consultant in a different CORE region.

# Regional Finance Consultant District Assignment

As of 11/1/2023

| Northwest  | Southwest   | Mid Cumberland  | Upper Cumberland   | South Central  | Southeast  | East TN  | First TN  |
|--|---|---|--|--|--|--|---|
| <b>Joshua Dehnz</b>  | <b>Meribeth Carpenter</b>   | <b>Rob Mynhier</b>  | <b>Brian Trisdale</b>  | <b>Jasmine Taylor</b>  | <b>Taffe Bishop</b>  | <b>Shelby Ownbey</b>   | <b>Jill Lewis</b>   |
| <a href="mailto:Joshua.Dehnz@tn.gov">Joshua.Dehnz@tn.gov</a>   | <a href="mailto:Meribeth.B.Carpenter@tn.gov">Meribeth.B.Carpenter@tn.gov</a>  | <a href="mailto:Robert.Mynhier@tn.gov">Robert.Mynhier@tn.gov</a>  | <a href="mailto:Brian.Trisdale@tn.gov">Brian.Trisdale@tn.gov</a>   | <a href="mailto:Jasmine.Taylor@tn.gov">Jasmine.Taylor@tn.gov</a>   | <a href="mailto:Taffe.Bishop@tn.gov">Taffe.Bishop@tn.gov</a>   | <a href="mailto:Shelby.Ownbey@tn.gov">Shelby.Ownbey@tn.gov</a>   | <a href="mailto:Jill.Lewis@tn.gov">Jill.Lewis@tn.gov</a>  |
| <b>Districts:</b><br>Alamo City<br>Bells City<br>Benton County<br>Bradford SSD<br>Carroll County<br>Crockett County<br>Dyer County<br>Dyersburg City<br>Gibson County SSD<br>Henry County<br>Hollow Rock-Bruceton SSD<br>Humboldt SSD<br>Huntingdon SSD<br>Lake County<br>McKenzie SSD<br>Milan SSD<br>Obion County<br>Paris SSD<br>South Carroll SSD<br>Trenton SSD<br>Union City<br>Weakley County<br>West Carroll SSD | <b>Districts:</b><br>Achievement Schools<br>Arlington SSD<br>Bartlett SSD<br>Chester County<br>Collierville SSD<br>Fayette County<br>Germantown SSD<br>Hardeman County<br>Haywood County<br>Henderson County<br>Jackson-Madison County<br>Lakeland SSD<br>Lauderdale County<br>Lexington City<br>McNairy County<br>Millington<br>Shelby County<br>Tipton County<br>WTSD | <b>Districts:</b><br>Cheatham County<br>Charter Schools<br>Commission<br>Dickson County<br>Dept. of Children Services<br>Dept. of Corrections<br>Franklin SSD<br>Houston County<br>Humphreys County<br>Lebanon SSD<br>Metro-Nashville<br>Montgomery County<br>Murfreesboro City<br>Robertson County<br>Rutherford County<br>Stewart County<br>Sumner County<br>TN School for Blind<br>Williamson County<br>Wilson County<br><br>*Jackson County | <b>Districts:</b><br>Alvin York Institute<br>Bledsoe County<br>Cannon County<br>Clay County<br>Cumberland County<br>DeKalb County<br>Fentress County<br>Macon County<br>Overton County<br>Pickett County<br>Putnam County<br>Smith County<br>Trousdale County<br>Van Buren County<br>Warren County<br>White County<br><br>*Sequatchie County | <b>Districts:</b><br>Bedford County<br>Coffee County<br>Fayetteville City<br>Franklin County<br>Giles County<br>Hickman County<br>Lawrence County<br>Lewis County<br>Lincoln County<br>Manchester City<br>Marshall County<br>Maury County<br>Moore County<br>Perry County<br>Tullahoma City<br>Wayne County<br><br>*Decatur County<br>*Hardin County | <b>Districts:</b><br>Athens City<br>Bradley County<br>Cleveland City<br>Dayton City<br>Etowah City<br>Grundy County<br>Hamilton County<br>Marion County<br>McMinn County<br>Meigs County<br>Polk County<br>Rhea County<br>Richard City<br><br>*Lenoir City<br>*Loudon County<br>*Monroe County<br>*Sweetwater City | <b>Districts:</b><br>Alcoa City<br>Anderson County<br>Blount County<br>Campbell County<br>Claiborne County<br>Clinton City<br>Jefferson County<br>Knox County<br>Maryville City<br>Morgan County<br>Oak Ridge<br>Oneida SSD<br>Roane County<br>Scott County<br>Sevier County<br>TSDK<br>Union County | <b>Districts:</b><br>Bristol City<br>Carter County<br>Cocke County<br>Elizabethton City<br>Greene County<br>Greeneville City<br>Hamblen County<br>Hancock County<br>Hawkins County<br>Johnson City<br>Johnson County<br>Kingsport City<br>Newport City<br>Rogersville City<br>Sullivan County<br>Unicoi County<br>Washington County<br><br>*Grainger County |

\*Districts that are assigned to a finance consultant in a different CORE region.

# Finance Division Contacts

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# Resources

- **Tennessee Department of Education** [Education \(tn.gov\)](https://education.tn.gov)
- **Tennessee State Board of Education** [Rules, Policies and Guidance \(tn.gov\)](https://rules.tn.gov)
- **ePlan TDOE Resources** <https://eplan.tn.gov/>
- **Tennessee Comptroller of the Treasury** [Comptroller of the Treasury - Comptroller.TN.gov](https://comptroller.tn.gov); [Manuals \(tn.gov\)](https://manuals.tn.gov)
- **Tennessee Consolidated Retirement System** <https://treasury.tn.gov/Retirement/Information-and-Resources/TCRS-Overview-and-Self-Service>
- **Tennessee General Assembly** [Legislation - TN General Assembly](https://legis.tn.gov)
- **County Technical Assistance Service (CTAS) Record Retention** <https://www.ctas.tennessee.edu/eli/departments-education-records>
- **Electronic Code of Federal Regulations** [eCFR :: Home](https://www.ecfr.gov)
- **Tennessee Code Annotated** [Tennessee Code Unannotated – Free Public Access | Main Page \(lexis.com\)](https://www.legis.tn.gov/code-annotated)

# Fraud, Waste or Abuse

Citizens and agencies are encouraged to report fraud, waste, or abuse in State and Local government.

NOTICE: This agency is a recipient of taxpayer funding. If you observe an agency director or employee engaging in any activity which you consider to be illegal, improper or wasteful, please call the state Comptroller's toll-free Hotline:

**1-800-232-5454**

Notifications can also be submitted electronically at:

**[comptroller.tn.gov/hotline](http://comptroller.tn.gov/hotline)**