

# Local Finance Updates

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# Agenda

- From Now Until June 30
- Year-end Adjustments
- Reporting
- What to Look for in FY26
- Fiscal Technical Assistance Resources



**From Now Until June 30**

# Career Ladder (CL)

- First payment made in mid-October
  - Based on prior year's December 1 report in TN Compass
  - 50 percent of estimated payment paid out
  - Adjustment made for prior year ending CL reserve balance
- Second and final payment made in mid-April
  - Final calculation based on teacher data reported by LEAs on the current year December 1 report in TN Compass
- Total FY25 payments = \$6.7 million

# Career Ladder

- Local education agencies (LEAs) may pay eligible teachers prior to receiving funds from the state.
  - Local decision
- Payments made based on a 200-day contract
  - Payments prorated if less than 200 days worked (but more than 100 days)
- Do a district audit to confirm the eligibility of all regular teachers and reemployed retirees.
  - Check TN Compass to confirm teacher Career Ladder endorsement

# Career Ladder

- Teacher eligibility
  - Must work 100 days
  - Must be in an instructional position
  - Special eligibility provision given to school nutrition supervisors
- For more information on teacher eligibility, refer to this one-pager: [Career Ladder Overview](#).

# Career Ladder

- Retirees on a 120-day contract are eligible if they:
  - work at least 100 days in an instructional position, and
  - have an active license with a Career Ladder endorsement.
- Retirees who return to work under the 85 percent provision are not eligible for the Career Ladder supplement. (T.C.A. § 8-36-821)
- Retirees who return to work under the 70 percent 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 license with a Career Ladder endorsement

# CEO Supplement

- CEO supplements will be paid for FY25.
- Earning CEO credits is optional.
- Stipend is awarded in increments of \$100 per day for completing a minimum of four credits and a maximum of ten credits.
- No longer reported on the FER Career Ladder Report.
- Do not charge to object code 117 Career Ladder.
- Recommended object code is 189 Other Salaries and Wages.
- Post CEO supplement revenue to 46590 Other State Education Funds.

# Parental Leave

- Parental leave reimbursement submissions are accepted quarterly from LEAs and public charters.
- Total parental leave paid in FY24 = \$22,065,476.
- Total parental leave paid in Q1 and Q2 FY25 = \$9,830,354.
  - Total number of LEA/charter school submissions for Q1 and Q2 = 165.
  - Total number of employees included on submissions = 1,273.

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

- Used to distribute county 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 in February or March
- Be sure to review ADA data and make any corrections early in the year.

# Driver's Education

- Funded in part through traffic fines
- 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
  - 13,612 students enrolled in the course in 2024-25 school year
- \$1,200,000 was paid to LEAs in FY25
- Payments made on a per-pupil basis
  - \$88.16 per eligible student in FY25
  - Payments sent out in mid-April

# Growth Funding

- Fast-Growth Student Stipend
  - LEAs with current-year growth in allocation above 1.25 percent from the prior year will receive additional funds to support the growing student population and needs.
- Fast-Growing Infrastructure Stipend
  - LEAs with 2 percent 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 Funding - TISA PD Deck.pdf](#)

# Fast Growth Stipends

- LEAs with current-year growth in the TISA allocations
  - Factors in base, weights, and direct funding only
- Funding generated by students in non-virtual schools
- Based on excess amount over 1.25 percent that the generated funding has increased as compared to the prior year
- The state portion of the allocated funds is applied to excess funds to determine the stipend allocation.
- Qualifying districts received payments equivalent to 20 percent of the total stipend in November, January, and February.
- The fourth payment is in the payment workflow for the week ending May 2.
- The fifth and final payment will be made in July.

# Fast Growth Stipends

- July payment will be a true-up to reflect final FY25 data.
- 23 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.
- \$35 million was appropriated for FY25

# 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 2024-25 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 of over 2 percent in each of the prior three 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 FY25.
- This was 100 percent 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.
- The full \$80 million was paid out.

# June TISA Payment

- June 15 TISA payment
  - 75 percent of final TISA payment
  - 100 percent of final salary equity payment
- June 30 payment
  - 25 percent 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 Center payments
  - 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 Metro-Nashville Public Schools (MNPS) and Memphis Shelby County Schools (MSCS)
  - Education Savings Accounts (ESA) payments (MNPS, MSCS, Hamilton County Schools, 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.
- The 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 (department) from the home district to the district in which the JDC is located.
- Daily rate is calculated based on each district's prior year'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 FY26 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.

# 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 in the fall
- Prepare as you are closing your books

# Per Pupil Expenditures by School

- Tip: One-time teacher bonuses should be expensed to the school level for PPE reporting purposes.
- 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](#)

# **TISA Restricted Funds for Existing Educator Salary Increases**

- Pursuant to Tenn. Code Ann. § 49-3-105(e) and TISA Rule 0520-12-05-.14(1)(d), the department requires LEAs to report to them how any TISA funds restricted for salary increases for existing educators are utilized.
- A survey is sent to all LEAs in August to capture how the additional salary funding was used in the prior year.
- Funds may not be spent on new positions or benefits.
- \$125,000,000 allocated for FY25.

# TISA Restricted Funds for Existing Educator Salary Increases

- FY24 survey results

**Table 1: Compensation Strategies Used by LEA**

Strategy	# of LEAs Using	% of Respondents
Increase to Salary Schedule	130	90.91%
Salary Schedule Step Increases	42	29.37%
Differentiated Pay	5	3.50%
Bonus Payments	8	5.59%
Other Uses	2	1.40%

- 85% of LEAs reported supplementing these funds with local resources to support their chosen strategy for enhancing educator compensation.

# What to Look for in FY26

# Budgets FY26

- State FY26 Education proposed budget\*

– State	\$7,811,832,600
– Federal	\$1,135,551,300
– Other	<u>\$ 145,343,000</u>
– Total	\$9,092,726,900

- TISA \$6,970,128 (primary formula only)

- \$244 million increase

- State Special Schools - \$62 million

- One-time teacher bonuses - \$198.4 million

- Education Freedom Scholarships - \$145.9 million

- Primary and secondary school infrastructure estimated \$62.7 million

- Grade A School Grants - \$17 million

\*Taken from the Governor's **proposed** budget document; the final budget may differ.

# Budgets FY26

- Public School Security Grant
  - FY24 - Non-recurring funding
  - FY25 - Only carryover funds
  - FY26 – New grant \$20 million
- Non-Public School Security Grant
  - FY24 - Non-recurring funding
  - FY25 - Only carryover funds
- School Resource Officer Grant
  - \$140,000,000 recurring
  - Administered by Department of Safety
  - Funds will flow directly to local law enforcement agencies

# Budgets FY26

- Special Education Preschool Grant - \$18 million
  - Recurring funds
  - Provide funding for special education supports for pre-kindergarten students with disabilities
- Summer Learning Camps and Transportation - \$120.5 million
  - Recurring funding for summer camps for rising kindergarten through rising 9<sup>th</sup> grade students
  - Recurring funding for summer camp transportation

# Budgets FY26

- TISA Restricted Salary Funds - \$125,000,000
  - Included in the TISA base of \$7,295
  - 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 are not covered, unless the employee is a teaching principal with classes.
  - School counselors, school psychologists, and 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 FY26

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

MAY FY25 TISA- ESTIMATED FUNDS FOR EXISTING EDUCATOR SALARY INCREASES		
District Base ADMs	/	5,883.25
Statewide Base ADMs		968,276.48
District % of Statewide Base ADMs	=	0.61%
District % of Statewide Base ADMs		0.61%
Existing Educator Salary Increase Restricted Funds	x	\$125,000,000.00
District Restricted Funds- Existing Educator Salary Increases	=	\$759,499.97

# Budgets FY26

- State minimum salary schedule
  - The State Board of Education approves the state minimum salary schedule each year.
  - Approval to increase the minimum salary to \$47,000 will be voted on at the May SBE 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 FY26

- Salary equity funding \$14.5 million
  - Started in FY15
  - No change to amounts in FY26
  - 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
  - Record in 46590 Other State Education Funds

# Budgets FY26

## ■ TCRS

- Certified rate for the legacy plan is 5.77 percent.
- Certified rate for the hybrid plan remains at 9.0 percent.
  - Actuarially Determined Contribution (ADC) Rate is 2.99 percent
  - Total employer rate is 4.0 percent.
  - Only contribute the ADC rate for federally funded teacher salaries.
  - Employer rate for the defined contribution portion of the hybrid plan is 5 percent.
- Notifications sent to Directors of Schools
  - Copies available from Local Finance

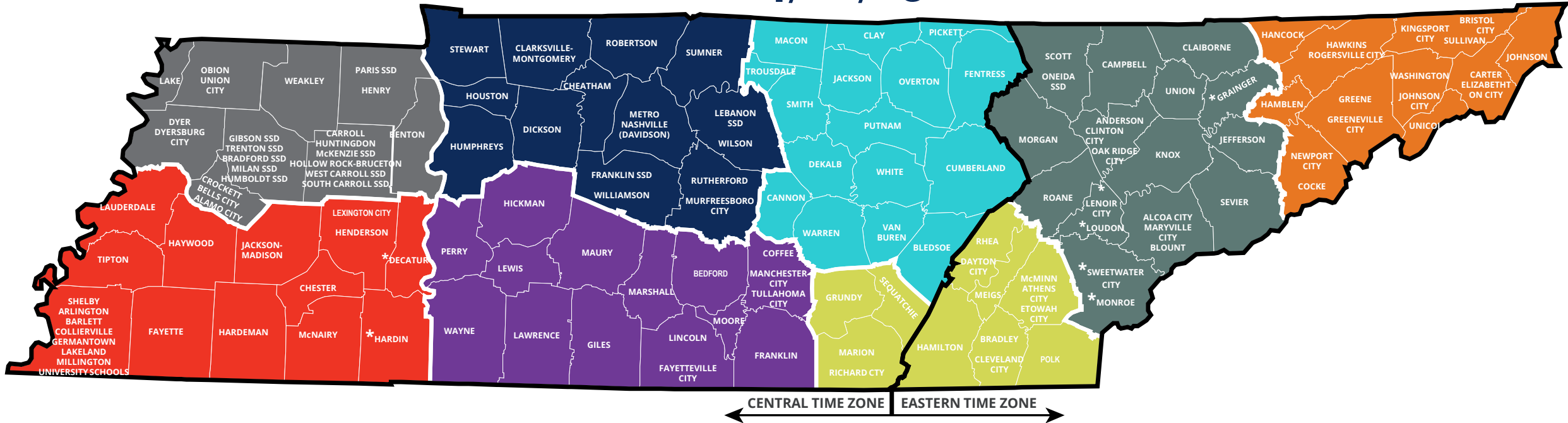
## ■ Medical insurance premiums

- Increase will be effective January 1, 2026
- Projected average rate of increase in the 7 percent range

# Resources

# Regional Finance Consultant District Map

As of 4/22/25



Northwest	Southwest	Mid Cumberland	Upper Cumberland	South Central	Southeast	East TN	First TN
Cindy Smith	Meribeth Carpenter	Rob Mynhier	Joshua Dehnz	Open Position	Taffe Bishop	Shelby Ownbey	Jill Lewis
<a href="mailto:Cindy.Smith@tn.gov">Cindy.Smith@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:Joshua.Dehnz@tn.gov">Joshua.Dehnz@tn.gov</a>	Temporarily Assigned to Multiple Consultants*	<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>

\*District assigned to a finance consultant in a different CORE region. \*See list on next page for temporary assignments.

# Regional Finance Consultant District Assignment

## As of 4/22/2025

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

\*Districts assigned to a finance consultant in a different CORE region. +Districts temporarily assigned to a finance consultant in a different CORE region.

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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.policies.guidance.tn.gov/)
- **ePlan TDOE Resources** [eplan.tn.gov/](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.lexis.com/tennessee-code-unannotated)

# 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)**



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