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Tennessee General Assembly

Joint Working Group on Federal Education Funding - Senate

NASHVILLE

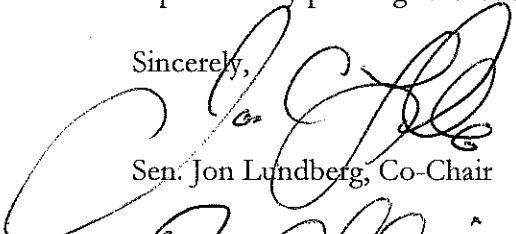
January 9, 2024


Speakers,


Pursuant to the establishing document of the Joint Working Group on Federal Education Funding, the group shall submit its report and recommendations to the chairs of the following committees: Senate Education; Senate Finance, Ways and Means; House Education Administration; House Education Instruction; and House Finance, Ways and Means.

At this time, the House and the Senate have not agreed to mutual recommendations. Enclosed you will find a copy of the Senate's fulfillment of the requested report. This report is preliminary pending further discussions.

Sincerely,


Sen. Jon Lundberg, Co-Chair


Sen. Raumesh Akbari


Sen. Joey Hensley


Sen. Bill Powers


Sen. Dawn White

Federal Funding Received

All 148 LEAs, including DCS and DOC, receive one or more federal grants. Out of 1,907 Tennessee public schools, 1,198 schools implement a Title I schoolwide program and 9 schools implement a Title I targeted assistance program. Additionally, federal grants support 47 community-based organizations through 21st Century Community Learning Centers, and 215 non-public schools opt into ESEA equitable services.

The two most significant federal programs for elementary and secondary education are the Elementary and Secondary Education Act (ESEA), most recently reauthorized by Congress as the Every Student Succeeds Act in 2015, and the Individuals with Disabilities Education Act (IDEA), last reauthorized in 2004.

Other federal programs that provide support to states for elementary and secondary education include the Carl D. Perkins Act, which provides federal support for career and technical education; The McKinney-Vento Education for Homeless Children and Youth Program, which provides federal support for homeless children and youths; and the Education Sciences Reform Act, which, among other purposes, provides federal support for statewide longitudinal data systems.

The Elementary and Secondary Education Act, known as ESEA, contains multiple programs offering federal aid for education including:

- Title I: Programs for disadvantaged students in order “to provide all children significant opportunity to receive a fair, equitable, and high-quality education, and to close educational achievement gaps.”
- Title II: Programs for teachers, principals, and school leaders. Supports for literacy; and American history and civics education are also included.
- Title III: Programs to support English language acquisition for English learners.
- Title IV: Programs to support a well-rounded education, safe and healthy students, and technology; after-school instruction and care; charter schools; magnet schools; family engagement in education; and various national activities.
- Title V: Programs to support rural education.
- Title VII: Impact Aid programs

Tennessee also receives Child Nutrition grants, which are provided by the U.S. Department of Agriculture. Federal 2023 formula grant allocations to the state for these programs are as provided below. The first five grants listed account for 95% of all 2023 Tennessee formula fund allocations.

Federal formula grant	2023 allocation
Title I (A-D): Disadvantaged Students	\$359 Million
Child Nutrition: Meals and snacks, admin	\$487 Million
IDEA (birth – Age 21): 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 students	\$4 Million
Title IX-A: Homeless Youth	\$2 Million

Other Programs

\$16 Million

Total

1.29 Billion

Source: Tennessee Comptroller of the Treasury, Office of Research & Education Accountability

The bulk of federal funds are passed through Local Education Agencies (LEAs). Data from TDOE's 2021-2022 Annual Statistical Report (the most current available) shows that on average 19.54% of district revenues come from federal funds.

Percentage of district revenues from federal funds FY 2021-22

Top Ten	Federal Revenues	Bottom Ten	Federal Revenues
Hancock	31.37%	Williamson*	6.63%
Campbell	30.58%	Johnson	12.94%
Benton	29.87%	Sumner	13.59%
Morgan	28.79%	Rutherford*	14.34%
Haywood	28.38%	Robertson	14.48%
Wayne	28.19%	Wilson*	14.94%
Warren	28.13%	Davidson	14.95%
Lauderdale	27.69%	Knox	15.08%
Fayette	27.52%	Moore	15.57%
Shelby*	26.89%	Sevier	15.60%

*County that contains more than one LEA

Source: Tennessee Comptroller of the Treasury, Office of Research & Education Accountability

TDOE's 2021-2022 Annual Statistical Report also shows that local districts received a total of **\$108,687,940** in direct federal grants, of which an estimated **\$48 million** were non-recurring COVID relief grants. These grants are federal funds that do not flow through the Tennessee Department of Education or the Tennessee Department of Intellectual and Developmental Disabilities, which receives IDEA Part C grants for early intervention services.

Not all districts receive direct federal funds. In 2021-22, 71 districts received some amount of federal funds. Districts receiving more than \$2 million in direct federal funds were:

- Memphis-Shelby County Schools - \$47.2 million
- Metro Nashville Public Schools – \$33.5 million
- Anderson County - \$4.7 million
- Montgomery Co. - \$2.7 million
- Murfreesboro City - \$2.5 million
- Bedford County - \$2.2 million
- Bartlett City - \$2.1 million

Direct federal grants include:

- Impact Aid (ESEA Title VII): Federal funds to aid the provision of education services to federally connected children. These funds are paid to LEAs that lose property taxes due to federal acquisition of property utilized to educate children who live on federal property and whose parents are employed on federal property (for example, military bases), children whose parents are in uniformed services or employed on federal properties and do not live on federal property, and other situations.
- JROTC reimbursement via the Department of Defense

- Energy grants via the Department of Energy
- COVID relief grants (non-recurring)

Laws and Requirements Associated with Federal Funds

There are numerous federal laws and programs that promulgate requirements for how state and local authorities manage and govern their elementary and secondary system and schools.

These requirements are rooted in two main sources:

- A. As conditions for receiving funding through federal education grant programs; and
- B. As requirements of education-related and broader civil rights laws, such as Title IX, that apply to programs and activities that receive any form of federal financial assistance.

Conditions and Requirements of Federal Education Grants

In order to receive funding from each of the aforementioned federal education grant programs, states must apply to the U.S. Department of Education and agree to the policy and reporting requirements included for each program.

Rather than apply for each program individually, states are offered the ability to submit a consolidated application for all title programs to the U.S. Department of Education. All states have submitted a consolidated application and have been approved by the U.S. Department of Education.

Under ESSA statute, state plans can be "periodically reviewed and revised" by the state education agency "to reflect changes in the State's strategies and programs under this part" (Title I, Part A, Sec. 1005(6)(A)).

ESSA statute does not specify a date by which states must submit amendments to their state plans. However, the Department of Education has released memos in previous years that set deadlines for amendments related to accountability determinations for the following next school year. The letters remind states that proposed amendments must be submitted to the Department of Education for review before implementation and list the information and documents states must submit with their plan amendments.

The most recent such memo was published on December 14, 2022, and set a deadline of February 1, 2023 for state plan changes to be implemented in accountability determinations for fall 2023.¹

Brief Overview of Federal Requirements in Education Law

ESEA: Title I-A & Title II

The most notable and broad federal requirements for states come through participation in the Title I-A program in the ESEA. In order to receive Title I-A funding, states must set their own education-related goals and hold schools accountable for student outcomes, especially related to academic achievement. States are required to select academic standards of their choosing and administer annual academic assessments in reading, mathematics, and science that are aligned to those selected standards.

Reading and mathematics assessments must be administered in each of grades 3-8 and once during high school. The science assessment must be administered once in grades 3-5, grades 6-9, and grades

¹ <https://oese.ed.gov/files/2022/12/State-Plan-Memo-for-2022-2023-School-Year-to-post.pdf>

10-12. In total, states must administer 17 assessments each school year, although no individual student will take more than 3 of these tests in one year.

States must implement an accountability system with weighted indicators that allows for meaningful differentiation to identify schools that need additional support to improve student achievement. Based on the accountability system, states must identify at least the lowest-performing 5% of schools, among other improvement designations, to receive additional support and state-selected school improvement interventions.

Keeping within the Title I-A program, other requirements include:

- State participation in the National Assessment of Educational Progress (NAEP).
- Allocation of additional funds to improve education outcomes for students from low income families. In FY2022, Tennessee allocated **\$349,633,715** of state dollars for this purpose.
- Creation of a plan to ensure that low-income and minority children enrolled in Title I-A schools are not served at disproportionate rates by “ineffective, out-of-field, or inexperienced teachers.”
- Ensuring any teacher or paraprofessional working in a program supported with Title I-A funds meets applicable state certification and licensure requirements.
- Equitable services for non-public schools
- Evaluation of effectiveness of grant activities

There are also a number of fiscal requirements that are required of local education agencies. This includes:

- A maintenance of effort (MOE) provision, which requires school districts to ensure that education funding from state and local sources does not decrease by more than 10% from year to year.
- A Supplement, Not Supplant provision, which requires that Title I-A funds be used so as to supplement and not supplant state and local funds that would otherwise be provided to Title I-A schools.
- A comparability provision, which requires that a comparable level of services be provided with state and local funds in Title I-A schools compared with non-Title I-A schools prior to the receipt of Title I-A funds.
- A requirement that all funds are to be distributed to LEAs except the following set asides: up to 1% for Title I-A state administration, 7% set aside for designated school improvement of which 95% must go to districts, and up to 3% is allowed for direct student service grants of which 1% can be withheld for administration.

ESSA statute provides four types of poverty measures LEAs can use in determining Title I-A grants for schools. States may also use a combination of any of the allowed measures.

- Census data on children ages 5-17 in poverty
- Eligibility for free or reduced-price lunch
- Eligibility for TANF
- Eligibility for Medicaid

Most federal guidance on calculating Title I-A allocations is based on schools or districts that adopt the Community Eligibility Provision for school meals, which allows eligible schools and districts to directly certify students and provide free meals to all without collecting individual applications with household data.² These schools may use direct certification data and/or any of the other three measurement options that are statutorily allowed.

Title II grants allocated to states to improve teacher and principal quality share similar requirements. The Department of Education requires states to:

- Conduct a needs assessment to inform the use of funds
- Establish program and financial reporting
- Supplement not supplant as explained under Title I-A
- Provide equitable services to non-public schools
- Evaluate the effectiveness of grant activities (e.g. surveys; completion, retention, teacher quality data)
- Monitor and manage districts' spending of grant funds
- Ensure at least 95% of the grant is passed through to districts, although the state can reserve 3% of district funds for principal support

States accepting Title II grant funds may set aside up to 5% of the grant for state-level activities, of which 1% can be for state administration and 2% can be for preparation academies (for teachers, principals, other school leaders).

In 2020-21, almost all Tennessee LEAs (96%) used Title II-A Funds for professional development. Other uses of the funds included recruiting, hiring, and retaining effective educators (42% of LEAs); class size reduction (7% of LEAs); and evaluation systems (8% of LEAs).

Broader requirements that apply to all programs under ESEA include a requirement that LEAs receiving ESEA funds certify to their state education agency that they do not limit the exercise of “constitutionally protected prayer” in public schools.

In FY24, 7.75% of the ESEA grants received (Title I-Title VII) were allocated towards administration, resulting in 349 full-time administration personnel. 62.95% went towards

² <https://www.fns.usda.gov/cn/updated-title-i-guidance-making-within-district-allocations>

instructional staff supporting students in the classroom. Examples of other uses of funds include social workers, school psychologists, and guidance personnel.

IDEA

Beyond the Elementary and Secondary Education Act, the Individuals with Disabilities Education Act is the third largest education-related source of federal funding for Tennessee. In exchange for receiving funding through IDEA, states must agree to provide a “free appropriate public education” (FAPE) to each qualified child with a disability who is in a school district’s jurisdiction, regardless of the nature or severity of the child’s disability.

Both IDEA and state law require:

- An individualized education program (IEP) be prepared for each student with disabilities, setting academic goals and special education services and accommodations the school will provide.
- Schools to educate students in the least restrictive environment, e.g., keeping students in regular classrooms whenever possible.
- State and local maintenance of effort.
- Identification and screening of all children who may be eligible for special assistance.
- Sharing of funds with private schools.

Providing a “free appropriate public education” is also required by Section 504 of the Rehabilitation Act of 1973. While IDEA is an education-specific grant program that contains more detailed requirements for providing FAPE, Section 504 applies to any program or activity receiving federal financial assistance.³

In FY24, 15.44% of the IDEA grant was allocated towards administration, resulting in 110 full-time administration personnel. 62.47% was allocated for instructional staff supporting students in the classroom. Examples of other uses of funds include social workers, school psychologists, nurses, speech pathologists, and transportation personnel.

USDA Child Nutrition

Child nutrition programs accounted for over one-third of federal formula funding in 2023. These grant funds are allocated in two categories, Child Nutrition and Child Nutrition State Expense funds. Using State Expense funds, TDOE employs 21 full-time staff to administer school nutrition programs, including 10 who work regionally to support local school food authorities. School districts are reimbursed based on the number of meals served and at rates determined by whether the child paid full price or was eligible for free or reduced-price meals as determined by federal guidelines involving household income.

School districts and independent schools that choose to take part in the child nutrition program get cash subsidies and donated commodities from the United States Department of Agriculture (USDA) for each eligible meal they serve. Meals served in the school lunch program must meet federal

³ <https://www2.ed.gov/about/offices/list/ocr/docs/edlite-FAPE504.html>

requirements such as certain nutritional guidelines (e.g., ½ cup fruit, ¾ cup vegetables, etc.) and eligible children must be offered free or reduced-price meals.

In Tennessee, 161,613,688 meals were served during the 2022-23 school year.

Perkins V

Perkins V funds provide supplemental resources to support the academic, career, and technical skills of secondary students who elect to enroll in career and technical education programs. In FY 2021-22, 122 school districts received a portion of \$20.67 million in federal funds that were distributed throughout the state. The state may use Perkins V funds to cover administrative costs, including developing its state plan, reviewing local applications, and monitoring and evaluating program effectiveness. School districts may use Perkins funds to improve career and technical education programs, including modernizing, revising, expanding, or upgrading CTE programs.

In FY24, 3.08% of the Perkins V grant was allocated towards administration. 57.11% was allocated for vocational, instructional, and industry credential-related equipment and supplies. The remainder of funds are utilized for program supports such as placement exams and student career technical organizations.

Requirements of Education-Related Civil Rights Laws

The distinction between IDEA and Section 504 serves as an important transition to the other federal laws that place requirements on elementary and secondary education. There are a number of education-related civil rights laws that would apply to this category, including:

- Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination based on disability.
- Title VI of the Civil Rights Act of 1964, which prohibits discrimination based on race, color, or national origin.
- Title IX of the Education Amendments of 1972, which prohibits discrimination based on sex.

Requirements under these laws are generally not conditions of discrete federal education grant programs, but rather are required for any activity or program, including in an education setting, that receives federal financial assistance. Federal financial assistance consists of a much more expansive set of funding streams than just those administered by the U.S. Department of Education.⁴

Other federal education requirements are settled in case law. For instance, the Supreme Court guaranteed the equal right to public education regardless of citizenship status in the Plyler v. Doe decision in 1982.

Feasibility of Tennessee Rejecting Federal Funds

By the Numbers

In FY2024, federal dollars amounted for roughly 10% of the Tennessee Department of Education's operating budget. Their total budget contributions are broken down below:

⁴ <https://www.justice.gov/crt/title-ix#III.%C2%A0%20Scope%20of%20Coverage>

CONTRIBUTION	FY24 BUDGET	PERCENTAGE
LOCAL	\$4,819,142,703	36.93%
STATE	\$6,935,683,500	53.14%
FEDERAL*	\$1,296,076,681	9.93%
TOTAL	\$13,050,902,884	

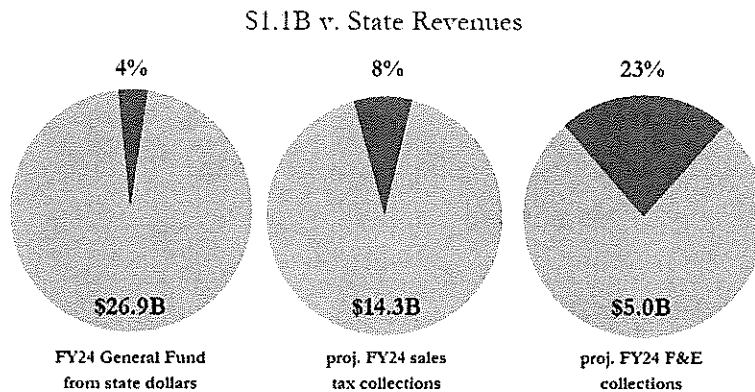
*the federal contribution is the total of FY24 ESEA, IDEA, and Perkins V allocations added to the FY23 Child Nutrition reimbursements.

Source: Tennessee Department of Education

While the days of historically large surpluses may be over, Tennessee still likely has room in the budget to reject and replace recurring federal funding in K-12 education, but at the expense of other potential investments. In an analysis of the FY 2024 budget, \$2.6 billion of recurring state tax revenues were allocated for one-time purposes. This means there was a recurring revenue surplus of \$2.6 billion heading into the next budget year that had not been appropriated for any recurring expenditures, tax cuts, or other purposes. After spending changes enacted during the special session this summer, and considering the end-of-year shortfall in closing FY 2022-23, there is still about \$2.2 billion in uncommitted recurring revenues for the FY 2024-25 budget.

The estimated \$2.2 billion is about enough to cover the approximately \$1 billion cost of annual routine cost increases (e.g., state employee salaries and benefits, student growth, and inflationary cost increases) and also replace the estimated \$1.1 to \$1.3 billion in recurring federal funds the state typically receives for K-12 education.

While the state revenues are available, the decision to reject and replace recurring federal funding for K-12 education would come at the expense of other potential investments. \$1.1 billion is put in context compared to state revenues below.



Source: The Sycamore Institute

\$1.1B is also more than any of the recurring increases to TDOE over the last decade and more than the budgets of all but about 4-5 state agencies (TDOE, TennCare, TDOT, THEC, and TDOC).

Other States and Exploration of Rejecting Federal Funds

All states currently participate in the major federal grant programs for elementary and secondary education. No state has ever chosen to no longer participate in any of the federal education grant programs described. This is not to say that there have not been collective and specific conflicts between states and the U.S. Department of Education, however. Prior to the passage of the 2015

Every Student Succeeds Act, there were occasional instances of states refusing to comply with some aspect of federal law or courting the prospect of noncompliance.

Washington is the only state that we are aware of that has lost federal funds and temporary policy waivers due to their refusal to implement reforms regarding teacher evaluation, which is no longer a federal requirement.⁵

In 2005, the Utah State Legislature passed a bill that was signed into law that gave state officials the authority to ignore provisions of the previous iteration of the ESEA, No Child Left Behind, when they were found to be in conflict with state education laws and interests. However, the state ultimately continued to participate in ESEA programs.

More recently, legislation (SB 863) was introduced in Oklahoma to create a plan to phase out federal education funding over a 10-year period.⁶

In cases of noncompliance, the federal General Education Provisions Act (GEPA) describes the authorities the U.S. Secretary of Education has to administer federal education laws and regulations.⁷ Part D of the GEPA outlines the enforcement authorities afforded to the Secretary, which include recovery of funds in instances of noncompliance.⁸ Specific consequences and the cadence of escalation in instances of noncompliance vary on a case-by-case basis and are typically outlined in official letters from the Secretary.

How to Eliminate Unwanted Restrictions

Overview of Current Prohibitions on Federal Authority

While there are many requirements for states included in federal education programs, there are also numerous prohibitions on federal authority that are included in federal statute. A key understanding that emerges from these provisions is that the federal government is expressly prohibited from determining what is taught in schools.

ESEA Title I-A Sec. 1604 and 1605 contains two key prohibitions, which are echoed at other points in statute:

- “Nothing in this title shall be construed to authorize an officer or employee of the Federal Government to mandate, direct, or control a State, local educational agency, or school’s specific instructional content, academic achievement standards and assessments.”
- “Nothing in this title shall be construed to mandate equalized spending per pupil for a State, local educational agency, or school.”

ESEA Title II Sec. 2302 echoes Title I-A’s prohibitions and includes additional prohibitions related to educators. It states the federal government cannot “mandate, direct, or control a State, local educational agency, or school’s”:

⁵ <https://www.nytimes.com/2014/04/25/us/washington-state-loses-control-of-some-school-funds.html>

⁶ <https://oksenate.gov/press-releases/bullard-plan-would-phase-out-and-replace-federal-funding-and-control-over-k-12?back=/press-releases>

⁷ <https://www.govinfo.gov/content/pkg/COMPS-732/pdf/COMPS-732.pdf>

⁸ <https://crsreports.congress.gov/product/pdf/R/R41119/3>

- instructional content or materials, curriculum, program of instruction, academic standards, or academic assessments;
- teacher, principal, or other school leader evaluation system;
- specific definition of teacher, principal, or other school leader effectiveness; or
- teacher, principal, or other school leader professional standards, certification, or licensing.

ESEA Title VIII, the “General Provisions” section, also outlines a series of prohibitions on federal authority in states that accept any funds under the ESEA, including:

- a prohibition on the use of ESEA funds to “promote or encourage sexual activity.”
- a prohibition on federal control of educational curricula, content or achievement standards, building standards, or allocation of resources.
- a prohibition related to the aiding and abetting of sex abuse

Options for Consideration

Exercise flexibilities afforded in federal law

Depending on the specific issue, the ESEA provides a number of flexibilities that states and local schools can enjoy upon request. For instance, with regard to federal assessment requirements, states are afforded the flexibility in law to reduce testing time, implement locally selected, nationally recognized high school academic assessments, and offer statewide interim assessments in lieu of a single summative assessment score.

Request a waiver from specific requirements

Under the ESEA, the U.S. Secretary of Education is authorized to waive most statutory and regulatory requirements associated with any program authorized by the ESEA if specifically requested by a state educational agency.⁹ A state requesting a waiver must submit a waiver request with a plan that, among other requirements, identifies the federal program affected by the requested waiver, describes which federal statutory and regulatory requirements are to be waived, and describes how the waiving of such requirements will advance student achievement.

Districts may apply for waivers of federal ESSA program requirements by applying through their state. The Tennessee Department of Education has numerous processes built out for districts to apply for ESSA waivers.

The waiver request must include:

- a description of the federal statutory or regulatory requirements to be waived,
- how waiving the requirements will advance student academic achievement,

⁹ <https://crsreports.congress.gov/product/pdf/IF/IF11517>

- the methods the state, district, or school will use to monitor and regularly evaluate effectiveness,
- the notice and comment process and how the state addressed the comments and input, and
- (if the waiver relates to assessments), a description of how the state, district, or school will maintain or improve transparency in reporting to parents and the public on student achievement and school performance.

Upon receiving a waiver request, the Secretary has 120 days to review and issue a decision on the request. If the waiver is not approved, a state has 60 days to revise and re-submit the waiver.

In 2012, Tennessee's application for a waiver from specific requirements of the No Child Left Behind Act was approved by the United States Department of Education. The waiver's terms include significant changes to the state's accountability system and to the allocation of Title I funds.¹⁰

Seek changes through a reauthorization of federal law

The legislature could work through a reauthorization of one or more of the education laws described above. The ESEA was last reauthorized in 2015 as the Every Student Succeeds Act. U.S. Senator from Tennessee Lamar Alexander was considered the chief architect of this last major reauthorization. The Individuals with Disabilities Education Act (IDEA) was last reauthorized in 2004.

Create legislative involvement in the grant processes

The legislature, in collaboration with the Tennessee Department of Education, can implement safeguards to protect the state from unwanted federal overreach. Many changes to the federal grant requirements are done through policy changes and not law. These policy changes are usually communicated to the state by letter to the state administering agency, in most cases TDOE. The legislature can require that any time these policy guidance documents are received, they are immediately provided to the appropriate legislative committees and/or members for review.

The legislature could also implement a process for legislative authorization of grants, such as requiring grant applications to go before a legislative committee before an agency can submit an application. Like legislative measures, these applications would come with state created Fiscal Notes that detail the funding and its requirements. This process is currently done in Oregon, where a committee is appointed both in and out of session to approve federal grant applications.

Further Questions and Considerations

There are more questions than definitive answers about what rejecting federal K-12 dollars could mean for Tennessee's obligations because no state has ever done so. If the legislature, for example, chooses to go reject select federal education programs in the ESEA, there are number of questions that would need to be resolved with the U.S. Department of Education. In particular, there are a number of uncertainties about the consequences of non-participation in Title I-A, where many of the most significant requirements of federal education law are contained.

Letters from a previous administration indicated that non-participation in ESEA Title I-A could have serious consequences for participating in other ESEA title programs, especially for programs with

¹⁰ https://comptroller.tn.gov/content/dam/cot/orea/advanced-search/2014/2014_OREA_TNNCLBwaiver.pdf

statutory formulas for allocating funds that are based, in part, on the amount of funding received under Title I-A.

Many federal requirements could still apply to Tennessee schools even if the state rejected federal K-12 dollars, creating questions that would likely be resolved in court. Because of its broad application, the requirements associated with that broad definition of federal financial assistance could still apply depending on the scope of the state's rejection of any federal dollars. There may be other, less obvious ways that schools receive or benefit from federal assistance, for example TennCare reimbursement for certain services provided in school, that could continue to trigger federal funding assistance associated mandates.

It is also important to consider that many of the requirements attached to federal dollars align with state policymakers' goals and/or are integrated into the state's own requirements. Therefore, many federal grants provide the state with monetary support for policies that the state would likely implement on its own.

Examples of other questions that policymakers may want to consider or answer include:

- How much federal funding would Tennessee replace with its own dollars?
- Could districts still apply for direct-to-district grant funding?
- Would rejection of Department of Education grant dollars affect grants from the Department of Agriculture, Department of Defense, or Department of Energy?
- Would the funding used to replace any rejected federal dollars be allocated in the same way as done currently using federal funds? Or would they flow through the state's existing school funding formula?
- Would state replacement dollars affect local funding requirements?
- What federal requirements would Tennessee maintain for school districts?
- How would state law and regulation need to change to accommodate those maintained or modified requirements?
- How would using state dollars affect the redistribution of taxpayer dollars across the state?
- Will Tennessee still get federal education aid to weather recessions? During and after the Great Recession, for example, TDOE's federal revenues grew to \$1.5 billion (or 30% of the department's budget).

Most federal dollars for educational programs are distributed to states based on a formula. If Tennessee rejected some or all of the money it receives from these programs, those funds would not result in federal taxpayer savings unless Congress reduced its funding amounts by the same amount. While possible, it seems more likely that those funds would instead be redistributed to other states.