

# TISA Quick Guide: Support Funding

In any funding model, significant shifts in student data can impact funding allocations, sometimes generating large swings between years. To mitigate this possibility, the TISA law included two key provisions to support financial predictability. It is important to note that even if a district is not experiencing declines in student populations, these provisions still provide predictability in budget estimates, allowing for earlier planning in budget cycles. The two provisions are:

- 5% Safety Net:** Each year, the TISA formula compares each district's allocation against the prior year allocation. For any district that experiences more than a 5% decrease in funding, the safety net provision kicks in and ensures the district receives 95% of the funding from the prior year. This allows for a more gradual adjustment to funding shifts.
- BEP Transition:** In the first year of TISA allocations (2023-2024), if a district is slated to receive less funding under TISA than the state's prior funding formula, the Basic Education Program, then the TISA law triggers the BEP Transition funding, providing the district with up to four years of gradual stepped down funding to adjust to the new allocations. It is important to note that this is a relatively rare circumstance that occurs with districts experiencing declining enrollments.

## Safety Net Funding

### Who qualifies for the 5% Safety Net funding?

The safety net provision will go into effect beginning with TISA allocations for the 2024-2025 school year. Districts qualify for the 5% Safety Net funding if their TISA allocation drops by more than 5% from prior year funding. This includes funding for the base, weights, and direct funding lines, but does not include outcomes funding.

### How does 5% Safety Net funding work?

If a district qualifies for the safety net provision, their final TISA allocation will be set to 95% of the prior year funding, reducing the impact of the changes in student population so that the district can continue to plan supports for students.

#### Example

Sample District	Funding
2024-25 TISA Allocation	\$59,000,000
2023-24 TISA Allocation	\$64,000,000
% Decrease	-7.8%
Eligible for Safety Net?	Yes
Application of Safety Net	$\$64,000,000 \times 95\% =$
2024-25 Safety Net Final Allocation	\$60,800,000

## Important Notes:

- The test for the safety net provision is conducted annually for each district's TISA allocations. The test is run against the final allocations a district received in the prior year, not what the district would have received had it not qualified for the safety net. In other words, the year over year decrease cannot exceed the 5% protection of the safety net provision in any single year.
- For planning purposes, this also means that any district, whether or not they project themselves to qualify for safety net supports, can plan on at least 95% of the funding of the prior year. This assurance allows for earlier budget planning.

## BEP Transition Funding

### Who qualifies for BEP Transition funding?

In districts experiencing student population decreases, the BEP Transition funding ensures that the funds a district receives in the first year of TISA, the 2023-2024 school year, are at least equal to the funding level received in the 2022-2023 school year. BEP Transition funding then provides these districts with up to four years of stepped down funding, giving the district time to adjust.

### How does BEP Transition funding work?

District eligibility for BEP Transition funding is based on whether or not the district's 2023-24 TISA allocation is lower than its 2022-23 baseline funding level. It is important to note that the baseline funding levels from 2022-23 are inclusive of a district's full BEP allocations plus any grants received for Coordinated School Health, School Safety, and Family Resources Centers.

If a district's allocation is lower than the baseline, then the BEP transition funding is triggered, and for the first year, or the 2023-24 school year, the district would receive the same total allocations as received in the baseline year.

Over the next three years, the allocations would gradually step down to come into alignment with the district's actual TISA allocation by year five. The scaled down funding covers 75% of the gap in year two, 50% in year three, and 25% in year four. The gap is defined as the funding difference in each year between that year's TISA allocation and the baseline, which does not shift after being determined.

### Example

FY23 Baseline Breakdown		FY24 TISA Allocation (Pre-BEP Transition Funding)	
FY23 Baseline (Total)	\$29,000,000	FY24 TISA Allocation (Total)	\$26,500,000
FY23 Baseline (Local)	\$11,500,000	FY24 (Local)	\$10,600,000
FY23 Baseline (State)	\$17,500,000	FY24 (State)	\$15,900,000

BEP Transition Implementation				
BEP Transition Funding Steps	Fiscal Year	BEP Transition Allocations - All	BEP Transition - State	BEP Transition - Local
FY24: District is held harmless 100% back to baseline compared to FY24 TISA Allocation	FY24	Match Baseline Total	Match Baseline State	Match Baseline Local
FY25: District is held harmless 75% back to baseline compared to FY25 TISA Allocation	FY25	(Baseline Total - Projected FY25 All) X 75% + Projected FY25 All	(Baseline State - Projected FY25 State) x 75% + Projected FY25 State	FY25 BEP Transition Allocation All – FY25 BEP Transition Allocation State
FY26: District is held harmless 50% back to baseline compared to FY26 TISA Allocation	FY26	(Baseline Total - Projected FY26 All) X 50% + Projected FY26 All	(Baseline State - Projected FY26 State) x 50% + Projected FY26 State	FY26 BEP Transition Allocation All – FY26 BEP Transition Allocation State
FY27: District is held harmless 25% back to baseline compared to FY27 TISA Allocation	FY27	(Baseline Total - Projected FY27 All) X 25% + Projected FY27 All	(Baseline State - Projected FY27 State) x 25% + Projected FY27 State	FY27 BEP Transition Allocation All – FY27 BEP Transition Allocation State
FY28: District receives FY28 TISA Allocation	FY28	FY28 TISA All	FY28 TISA State	FY28 TISA Local

## Important Notes

- A district must qualify for BEP Transition Funding in the first year of TISA implementation to receive any funding in the subsequent years.
- If a district qualifies for BEP Transition Funding in the first year of TISA implementation and in any of the subsequent years the TISA allocation to the district exceeds the baseline funding amount, the district will no longer qualify for BEP Transition Funding in that year or in future years.
- If a district is receiving BEP Transition Funding, they do not qualify for the safety net provision laid out in T.C.A. 49-3-108(c).

For more detailed information, local education leaders can refer to TDOE's [TISA Resources Page](#).