

TISA

Tennessee Investment in Student Achievement

Funding Floor

2025 Annual Fiscal Workshops



TISA – Funding Floor

- Public Chapter No. 7 of the 1st Extraordinary Session of 2025 that establishes the Education Freedom Scholarship (EFS) TCA §49-6-3501
- Signed into law by Governor Lee on February 12, 2025, following the special session of the legislature

Funding Floor

- Amends T.C.A. § 49-3-108 by adding a new subsection (i)
- Referred to as the “funding floor”
- First in effect in FY2026-27
- Essentially prevents a local education agency (LEA) from receiving less total TISA funding in one year than it received in the previous year
 - NOTE: TISA funding always refers to the state portion **and** the required local contribution

Funding Floor

- In the first year, it looks at the FY27 TISA allocation.
- Compares it to FY26 TISA allocation.
- Compares FY27 funded non-virtual ADM to FY26 funded non-virtual ADM.
- If both the FY27 allocation **AND** the FY27 funded ADM are lower than those in FY26, the funding floor will apply.
- The difference in allocations will be made up with 100% state funds – no local contribution will be required due to these additional funds.

Funding Floor

Example

- FY26 allocation \$1,000,000
- FY26 non-virtual ADM 100

- FY27 allocation \$ 900,000
- FY27 non-virtual ADM 95

- Does the funding floor apply?

Funding Floor

- Does the funding floor apply? YES
- The state will add \$100,000 of state dollars to the LEAs TISA allocation for FY27.
- The final TISA allocation will then be \$1,000,000.

Funding Floor

- An LEA may qualify for the funding floor in any year beginning in FY27.
- For the first time eligibility, both the allocation and the non-virtual ADM must be lower than in the prior year.

Funding Floor

- Once an LEA has qualified for the funding floor by meeting both criteria, an LEA may qualify in the future only if there is a reduction in allocation from the immediately preceding year.
- In the previous example, the LEA has an allocation in FY28 of \$925,000.
- We will look to the prior year allocation of \$1,000,000.
- The state will add the difference of \$75,000 to the calculated allocation; final FY28 allocation will be \$1,000,000.

Funding Floor

- There is no sunset for this provision.
- The funding floor provision continues as long as the statute remains in place.

Funding Floor

- Maintenance of effort remains unchanged.
- A funding body may reduce local contribution if there is a loss of ADM by going to the level 2 MOE test (per pupil local funds).

Funding Floor

- Questions?