

# TISA Quick Guide: Determining Local Contribution

## What is the Local Contribution?

In Tennessee, education funding is a shared responsibility between the state and local governments. This means that both the state and local funding entities are expected to provide funds to support schools. The TISA formula calculates the total dollar amount each district will receive. Then, the local contribution calculation determines how much of that total amount will be provided by the states and how much will be provided by each school district, using a four-step process.

## Key Terms:

<b>Local Share</b>	Local share is defined as the set percentage of <b>all</b> funds generated within the base and weights that local governments are responsible for statewide. It is important to note here that this is <b>not</b> the split for each individual district, but rather the state split with all districts. In law, this local share split is set to 30%, meaning 30% of all base funds generated and all weights funds generated are the responsibility of local funding bodies and 70% of those are the responsibility of the state.
<b>Fiscal Capacity</b>	Fiscal capacity is a separate calculation run by the Boyd Center for Business & Economic Research (CBER) at the University of Tennessee at Knoxville and the Tennessee Advisory Commission on Intergovernmental Relations (TACIR). The two groups run analyses to measure each county's fiscal capacity, or in other words, the county's ability to raise funds to support education. The two resulting fiscal capacity numbers for each county are then averaged together and used in the TISA formula. Fiscal capacity is a relative measure across counties; if one county's fiscal capacity goes up, others will go down and vice versa. It is also important to note that fiscal capacity is calculated at the county level, not the school district level.
<b>Local Contribution</b>	This is the result of what each individual district is expected to receive from its local funding entity, also known as the local required match.
<b>Maintenance of Effort</b>	While not part of the local contribution calculation, or part of TISA more broadly, it is worth defining maintenance of effort here. State law requires local funding bodies to budget the same or more funds for education as in the immediately prior year. This amount is called the maintenance of effort. While this is a separate calculation from local contribution, the maintenance of effort requirement is important for local budgeting purposes.

## Four Steps for Determining Local Contribution:

1. Determine Local Share
  - a. Take the total of all funds generated statewide for the base and weights, respectively, and multiply each by the legal requirement of the 30% local share. Note that the local share is only calculated against the TISA base and weights categories.
2. Apply Fiscal Capacity
  - a. Identify the school district's geographic county and pull in the county's fiscal capacity number. Note, this is expressed as a percent out of 100%, and is only calculated at the county level, not

individual school districts. The local share amounts from Step 1 are then each multiplied by the county's fiscal capacity.

3. Determine Shares for Multi-System Counties (Only applies to counties with multiple school districts operating within them)
  - a. Determine the proportional share of local funds that go to each school district within the county. To do that, look at the total base funds generated by the sample district and divide them by the total of base funds generated by all districts within the county. This gives a percentage representing the sample district's proportional share of the county's base funds.
4. Total Base and Weights Local Contributions
  - a. Take the results of Step 3 and add them together to get the total local contribution, or local required match, for the district.

*Example*

<b>TISA State &amp; Local Contributions Estimate</b>					
<b>1. Calculation of Statewide Local Share</b>			<b>BASE</b>		<b>WEIGHTS</b>
Statewide Total			\$6,600,000,000		\$1,700,000,000
Multiply by Local Share %	x		30%	x	30%
Statewide Local Share	=		\$1,980,000,000	=	\$510,000,000
<b>2. Application of County Fiscal Capacity</b>					
Statewide Local Share			\$1,980,000,000		\$510,000,000
Sample County Fiscal Capacity	x		0.75%	x	0.75%
Sample County Local Contribution (All Systems)	=		\$14,850,000	=	\$3,825,000
<b>3. Multi-System County Calculation</b>			Base Funds Generated		Weight Funds Generated
Sample County			\$30,000,000		\$8,500,000
All Systems within County Total	/		\$70,000,000	/	\$15,000,000
Sample County % of County Total Funds	=		42.86%	=	56.67%
County Local Contribution (All Systems)	x		\$14,850,000	x	\$3,825,000
Sample County Local Contribution	=		\$6,364,710	=	\$2,167,627.50
<b>4. Total Local Contribution</b>					
Adding Local Contribution Totals			\$6,364,710	+	\$2,167,627.50
				=	<b>\$8,532,337.50</b>

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