



County Technical Assistance Service

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State Funds for Education (BEP)

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We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other e-Li material.

Sincerely,

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Table of Contents

State Funds for Education (BEP).....	3
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State Funds for Education (BEP)

Reference Number: CTAS-99

The method for allocating state funding for local education is the Basic Education Program (BEP), which has been in place since 1992. The purpose of the BEP is to allocate state funding fairly and equitably, taking into account the ability of local jurisdictions to raise revenues. T.C.A. § 49-3-356.

BEP Formula. Effective beginning in fiscal year 2016-2017, the BEP formula shall be calculated using the criteria set out in T.C.A. § 49-3-307, which includes the following four categories of components: (1) instructional salaries and wages, (2) instructional benefits, (3) classroom, and (4) nonclassroom. The state shall provide 70% of the funds generated in instructional salaries and wages components and in instructional benefits components, 75% of the funds generated in classroom components, and 50% of the funds generated in nonclassroom components. The dollar value of the BEP instructional salaries and wages position component shall be \$44,430 for fiscal year 2016-2017 and may be adjusted in subsequent fiscal years in accordance with the general appropriations act. The details of the funding formula are found in T.C.A. § 49-3-307. Additional information is available in the "[BEP Blue Book](#)" published by the State Board of Education.

Equalization Formula. Revenues generated under the BEP formula are distributed to LEAs based upon an equalization formula adopted by the state board of education "to provide funding on a fair and equitable basis by recognizing the differences in the ability of local jurisdictions to raise local revenues." T.C.A. § 49-3-356. Because of this equalization of funding, the actual percentage paid by the state for classroom and nonclassroom components in each school system will vary from the percentages applied to the BEP formula noted above.

Required Local Matching Funds. Application of the BEP formula as equalized through the equalization formula results in the actual amount of state funding provided, and the corresponding amount of local funding required, for each LEA. The local government is statutorily required to fund its share of the BEP program, and the school term may not begin until the local portion has been included in the budget approved by the local legislative body. T.C.A. § 49-3-356.

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