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Tennessee Investment of Student Achievement (TISA)

Dear Reader:

The following document was created from the CTAS website (ctas.tennessee.edu). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

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 CTAS website material.

Sincerely,

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Reference Number: CTAS-99

The Tennessee Investment Achievement Act (TISA) became effective on July 1, 2023 and is codified at T. C. A. § 49-3-101 et. seq. The TISA replaces the Basic Education Program (BEP), which was previously the state funding formula for over 30 years. The goals of the program are 1) to support third grade reading proficiency; 2) prepare high school graduates to succeed in a postsecondary program or career of the graduate's choice; and 3) to provide all students, regardless of their circumstances, with the resources they need to succeed. The department of education will publish an annual guide for administering the program. The TISA guide, professional development, and additional resources about the new formula can be found on the Tennessee Department of Education's website.

The TISA provides for the following funding allocations under T. C. A. § 49-3-105.

Base Funding. The General Assembly will appropriate a base amount of funding for each student.

Weighted Allocations. A student also generates weighted allocations, none of which is mutually exclusive to another, as follow:

- 25% for an economically disadvantaged student.
- 5% for a student who reside in concentrated poverty.
- 5% for a student who resides in a small district.
- 5% for a student that resides in a sparse district.
- Between 15% and 150% for a student with unique learning needs.

The state will fund 70% of the base and weighted allocations. The local government will fund the remaining 30%. T. C. A. § 49-3-109.

Direct Allocations. The department of education is required to set direct allocation amounts which must be submitted to the state board. The state board is required to issue a positive, neutral, or negative recommendation for the proposed direct allocation amounts. The state board's recommendation must be included in the rule filing with the secretary of state. T. C. A. § 49-3-105. The state is required to pay 100% of the direct allocations. T. C. A. § 49-3-109. Direct allocation amounts are generated for the following students.

- Funding for students K-3 to promote literacy.
- Funding for fourth-grade students who are not proficient in the English language arts based on the student's most recent TCAP test.
- Funding for students for career and technical education.
- Funding for postsecondary readiness assessments for high school juniors and seniors.
- Funding for each charter school student.

Student Membership. A student's membership in an LEA begins on the first day of the student's membership and ends on the last day of the student's membership in the LEA, except that the membership of a student who graduates early is extended to the student's expected graduation date for funding purposes. Funding allocations are based on data collected for an LEA during the

immediately preceding school year. T. C. A. § 49-3-105.

Pay Raises. A portion of any annual increase in the base funding amount may be restricted by the general assembly for the sole purpose of providing salary increases to existing educators. If a portion of an annual increase in the base funding amount is restricted, then an LEA or public charter school must use the portion restricted to provide salary increases to existing educators. The state board shall increase the minimum salary on the state salary schedule, as appropriate, based on the amount of funds restricted for salary increases, if any. T. C. A. § 49-3-105.

Student Outcome Incentives. The department of education will allocate student-generated outcome incentive dollars to an LEA based on the achievement of member students in the LEA's public schools when funds are appropriated. Outcome incentive dollars are based on the prior year's data. T. C. A. § 49-3-106.

Fast-Growth Stipend. Stipends may be available to fast growing school systems when funds are appropriated. An LEA that experiences growth in the total allocation generated by students in non-virtual schools in the current year in excess of 1.25%, as compared to the prior year, is eligible for a fast-growth stipend equal to the increase in allocations in excess of 1.25%. If funds appropriated are insufficient to provide for an LEA's fast-growth stipend, then the commissioner will apply a proportional reduction to the stipend amount each LEA is otherwise eligible to receive. T.C.A. § 49-3-107.

Additionally, subject to available appropriations, an LEA that experiences average daily membership (ADM) growth in non-virtual schools exceeding 2% for each year of a three-consecutive-year period is eligible for an infrastructure stipend. The infrastructure stipend is a per-student flat dollar amount based on the number of member students in non-virtual schools in the LEA for the current school year in excess of a 2% ADM growth in non-virtual schools from the prior year. An infrastructure stipend in a given year must be uniform for all eligible LEAs. T.C.A. § 49-3-107.

Distribution of Funds. The commissioner and each local government will distribute allocated education funding periodically throughout the school year according to a schedule established by the commissioners of education and finance and administration, subject to all applicable restrictions prescribed by law. T. C. A. § 49-3-108.

T. C. A. § 49-3-104 defines baseline funding, in part, as the BEP allocations an LEA received in the 2022--2023 school year. Under T. C. A. § 49-3-108, distributions will be allocated as follows:

- Year 1 - If, during the first year of the TISA, an LEA's allocated TISA funds total less than the LEA's baseline funding amount, then the department will allocate additional funds in an amount equal to 100% of the difference between the LEA's baseline funding amount and the LEA's allocated TISA amount.
- Year 2 – If, during the second year of the TISA, the LEA's allocated TISA funds total less than the LEA's baseline funding amount, then the department will allocate additional funds to the LEA in an amount equal to 75% of the difference between the LEA's baseline funding amount and the LEA's allocated TISA amount.
- Year 3 - If, during the third year of the TISA, the LEA's allocated TISA funds total less than

the LEA's baseline funding amount, then the department will allocate additional funds to the LEA in an amount equal to 50% of the difference between the LEA's baseline funding amount and the LEA's allocated TISA amount.

- Year 4 - If, during the fourth year of the TISA, the LEA's allocated TISA funds total less than the LEA's baseline funding amount, then the department will allocate additional funds to the LEA in an amount equal to 25% of the difference between the LEA's baseline funding amount and the LEA's allocated TISA amount.

An LEA's allocated education funding will not decrease more than five percent (5%) from one (1) year to the next year. T. C. A. § 49-3-108(c).

Subject to appropriations, the department will distribute additional grants to LEAs that meet the conditions outlined in T. C. A. § 49-3-108.

If a local government fails to include the local contribution in the local government's budget, then the comptroller of the treasury will not approve the local government's budget. T. C. A. § 49-3-108 (f).

Accountability Requirements. T. C. A. § 49-3-112 requires each LEA to produce an accountability report that:

- Establishes goals for student achievement, including 70% of the LEA's students in third grade taking the English language arts (ELA) portion of the Tennessee comprehensive assessment program (TCAP) tests achieving a performance level rating of “on track” or “mastered” on the ELA portion of the TCAP tests, in the current school year and explains how the goals can be met within the LEA's budget; and
- Describes how the LEA's budget and expenditures for prior school years enabled the LEA to make progress toward the student achievement goals established for the prior school years. Note that this does not apply to the report submitted for the 2023-2024 school year.

The report must be presented to the public for comment before the report is submitted to the department. The report must be submitted to the department by November 1, 2023, and each November 1 thereafter.

Additionally, an LEA that operates a public school that receives a “D” or “F” letter grade pursuant to § 49-1-228 may be required to appear for a hearing before the state board, or a committee of the state board appointed by the chair of the state board, to report on the public school's performance and how the LEA's spending decisions may have affected the ability of the LEA's public schools to achieve certain performance goals. At the conclusion of a hearing, the board may recommend that the department impose corrective actions as provided in T. C. A. § 49-3-112.

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