

Understanding the Tennessee Investment in Student Achievement (TISA) and Accompanying Budget Proposal

Governor Lee has unveiled a new education funding formula designed to replace the Basic Education Program (BEP) after holding a series of meetings last fall with 18 subcommittees appointed by the Department of Education. The proposal currently exists as an amendment to SB2396/HB2143. That bill is not yet scheduled to be heard by any legislative committees.

When: TISA would take effect for the FY23-24 academic year.

How Much: The Governor has described his budget proposal as adding **\$1 billion** new recurring dollars to education funding. Since the new formula does not take effect until the following year, for FY 22-23, **\$750 million** of that will be used for the following **non-recurring** expenditures:

- \$500 million to provide Career and Technical Education grants to every middle and high school in the state (\$1 million per high school, \$500,000 for per middle school);
- \$200 million to relocate 14 schools currently located in flood plains; and
- \$50 million for the Governor’s Investment in Vocational Education (GIVE) and Supporting Postsecondary Access in Rural Communities (SPARC) grant programs.

The remaining **\$250 million** would be allocated to the following:

- \$124,680,000 to increase the BEP instructional salary component;
- \$70,464,000 to fund enrollment and inflationary growth in the BEP formula;
- \$32 million (16 recurring and 16 non-recurring) for the Charter Schools Facilities fund to assist charter schools in acquiring and improving property; and
- \$25,504,000 to continue summer bridge learning camps.

All these funds would then be available as recurring funding going forward in TISA.

What: Beginning in FY23-24, TISA would entirely replace the BEP. Both formulas are described as “funding formulas, not spending plans,” so they do not mandate how a school system spends all the funds. Whereas the BEP takes the number of students served by a LEA and converts that into staffing, materials, equipment and capital facilities needed to serve those students, the TISA assigns a specific funding amount for each of the approximately 950,000 students in the public K-12 school system.

Differences: Most BEP funding is driven by Average Daily Membership counts (ADM) and results from the number of positions generated by the ratios. Other components in the BEP are linked to real world statistics which drive the “inflationary” aspects of the formula. While the General Assembly sets the unit cost for the instructional salary component each year, that number is known and can be compared to actual salaries.

Under TISA, the base funding amount per pupil begins at \$6,860. It is then adjusted annually by the General Assembly. The legislature can reserve a portion of any annual increase in the base funding amount which must be used for raises for existing teachers. The percentage weights are established in statute. The department sets the allocation amount for direct funding by rule. Outcome based funding is subject to appropriation and is based on metrics set by the department. Growth funding is likewise subject to annual appropriation.

Additional Key Provisions of the Tennessee Investment in Student Achievement Act

Goals:	<p>The stated goals of TISA are:</p> <ul style="list-style-type: none">• To support third grade reading proficiency;• Preparing each high school graduate to succeed in a postsecondary program or career;• Providing each student with the resources to succeed, regardless of their individual circumstances.
Guidance:	<p>The department will publish an annual guide for administering TISA, identifying the data each LEA and political subdivision must submit.</p>
Daily Attendance:	<p>The funding a student generates must be sent to the LEA in which the student is a member for the duration of their membership. Except for early graduation, leaving a school system (moving, enrolling in a charter school or private school, etc.) ends the student's membership.</p>
Pay Raises:	<p>The General Assembly may restrict part of any annual increase in the base funding amount to go to pay increases. These must be paid to existing teachers (cannot be used to hire additional teachers). The state board of education is instructed to increase the minimum salary schedules based on any amounts earmarked for salary increases.</p>
Data:	<p>Funding is based on data from the prior school year except for funding for fast growing systems.</p>
Outcomes Funding:	<p>An LEA will receive outcomes-based funding based on the number of students achieving that outcome in the system compared to the total number of students statewide generate outcome funding. Outcome dollars are subject to appropriation and are based on prior year's data. Outcomes based funding is withheld until the LEA and local funding body members complete professional development.</p>
Fast Growth:	<p>An LEA that experiences growth in the total allocation generated by students in excess of 2% compared to the prior year is eligible for a stipend equal to the increase of allocations in excess of 2%. Subject to appropriations, LEAs exceeding 2% ADM growth 3 years in a row are eligible for an infrastructure stipend. The infrastructure stipend is a per pupil amount for the number of students in excess of 2% growth and is uniform across LEAs.</p>
Hold Harmless:	<p>The baseline of funding is what an LEA receives in BEP funding for FY22-23. If they would receive less than 100% of that amount in year one of TISA, they receive the same amount as the FY22-23 year of BEP funding. In year two, if an LEA would again receive less under TISA, they get 75% of the difference. In year three, they would get 50% and in year four 25%. Going forward, no LEA shall receive a reduction of more than 5% per year over the prior year.</p>
Mandated Training:	<p>Directors of Schools, school board members, county commissioners, municipal legislative body members, charter school governing board members and employees of the school system involved in budgeting must take a TISA professional development training session and pass a training assessment by June 30, 2024, or within the individual's first year of office or employment. This training can be virtual or in-person at the discretion of the department.</p>
Accountability:	<p>An LEA operating a school that receives a D or F letter grade may be required to appear before a legislative committee to report on the school's performance and how their spending decisions may have affected performance. The committee may require corrective actions or appoint an inspector general to oversee the school's programming and spending.</p>