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**Tennessee Investment in Student Achievement (TISA) Chapter  
Definitions Rule 0520-12-05-.02 and  
Direct Allocations Rule 0520-12-05-.05**

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**The Background:**

In 2022, Governor Lee and the Tennessee General Assembly passed the Tennessee Investment in Student Achievement (TISA) Act which transitioned the state to a student-based funding formula starting in the 2023-24 school year. The TISA Act specifically requires rulemaking by the Tennessee Department of Education (Department) in certain areas to define important terms and establish processes and procedures for funding disbursements. TISA requires the Department to submit the rules to the State Board of Education (SBE) for a positive, neutral, or negative recommendation, and include SBE's recommendation in the filing of the rules with the Secretary of State's office.

The Department is proposing revisions to the following sections of the Department of Education's TISA rules:

Chapter Definitions 0520-12-05-.02: The Definitions Rule outlines the term definitions used throughout the rules. Revisions to this Rule include removing the definitions of "high-wage occupations" and "in-demand occupations" because these terms are no longer used in the revisions to the Career and Technical Programs portion of the Direct Allocations Rule 0520-12-05-.05. Revisions also add a definition of "SOC" or Standard Occupational Classification system. Revisions also amend the definition of "wage-earning potential" to mean a combination of high-wage, high-demand, and high-skill indicators for occupations using data provided through the Tennessee Department of Labor and Workforce Development (TDLWD).

Direct Allocations Rule 0520-12-05-.05: The Direct Allocations Rule contains criteria from the law for which students generate direct allocation funding. These students include rising 4th grade students who are not proficient in ELA, students enrolled in CTE programs, students taking the ACT and ACT-retake, K-3 students, and public charter school students.

Revisions to this Rule amend the criteria for determining the funding level for CTE programs and focuses on tiering CTE programs into one (1) of three (3) levels based on high-wage, high-demand, and high-skill score determinations. The proposed revisions to the Direct Allocations Rule reflect input from CTE engagement groups that included members of the Tennessee General Assembly, the Tennessee Higher Education Commission, TDLWD, secondary CTE teachers, CTE Directors, State Board members, and other external partners.

Each of the criteria will be weighted as follows in a CTE program's overall score for funding levels:

- High wage (70%)
- High demand (20%)
- High skill (10%)

The Department of Education held a rulemaking hearing on September 21, 2023 to collect public comment. No comments were provided at the rulemaking hearing. The Department also held an open public comment period from September 6 to September 26, 2023. The Department received public comment submissions from four (4) individuals and organizations. No revisions were made to the proposed rule based on public comment received.

**The Recommendation:**

The Department of Education recommends the State Board issue a positive recommendation on these rule revisions. The SBE staff concurs with this recommendation.