
Fiscal Year 2025-26 Tennessee Investment in Student Achievement (TISA) Allocations

The Background:

In 2022, the General Assembly passed the Tennessee Investment in Student Achievement Act (TISA), which transitioned Tennessee to a student-based funding formula for education. This was the first major revision to the state's education funding formula in 30 years. The formula will be used to generate funding for our schools in the 2025-26 school year and is supported by a \$164 million investment of additional state dollars for the 2025-26 fiscal year, including \$125 million for improving teacher compensation. The allocations:

- Include a base amount of \$7,295 for each average daily membership (ADM) across the state.
- Reflect the base, weighted, and direct allocations for each district.
- Reflect a 70 percent state share of the base and weighted allocations, with the remaining 30 percent being shared collectively by the LEAs.
- Reflects 100 percent state share of the direct and outcomes allocations.
- To determine the local contribution for each LEA, the formula equally weights 1) the ability of local jurisdictions to raise local revenues by measuring the ability to generate local revenues from property tax and local option sales tax based on a model developed by the Boyd Center for Business and Economic Research (CBER) and 2) the ability of local jurisdictions to raise local revenues as determined by the multiple regression analysis model developed by the Tennessee Advisory Commission on Intergovernmental Relations (TACIR).

The Fiscal Analysis Impact:

T.C.A. § 49-1-212 requires that the Department prepare a fiscal analysis of any policy, rule, or regulation proposed to the State Board of Education. The attachment outlines the TISA allocation each LEA will receive in the 2025-26 school year. This item does not require any LEA to increase the local contribution to meet the TISA local contribution amount.

Connection to the [Master Plan](#):

This item supports the State Board's strategic focus on Literacy, Postsecondary and Career, and Teachers and Leaders outlined in the Master Plan by providing increased funding for LEAs through the formula to support these areas, including an additional \$125 million restricted for improving existing educators' salaries.

The Recommendation:

This item is for informational purposes only; no action is required.