

**TDOE Tennessee Investment in Student Achievement (TISA) Rules 0520-12-05-.02, -.04, -.12 and -.13**

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**The Background:**

Tennessee Investment in Student Achievement (TISA) Act (T.C.A. §§ 49-3-101-115) transitioned the state to a student-based funding formula beginning in the 2023-24 school year. The 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. The proposed revisions update sections of the rule, including Chapter Definitions 0520-12-05-.02, Weighted Allocations 0520-12-05-.04, Distribution of Funds 0520-12-05-.12, and BEP Transition Funding 0520-12-05-.13 in response to changes in the law and State Board rules.

Specifically, the revisions amend references to WIDA, the state's former English language proficiency assessment, to reflect the state's transition to ELPA21 as the assessment used to identify English learners (see [State Board English as Second Language Programs Chapter 0520-01-19](#) and [State Board Policy 3.207](#)). For TISA allocations calculated for the 2026-27 and 2027-28 fiscal years, the English learner Tier III definition includes a maximum proficiency score on the English language proficiency assessment, based on the conversion structure detailed in the state's accountability protocol.

The revisions also update language related to the distribution of TISA funds through the funding floor provision and safety net provisions to align with changes in the TISA law enacted in Section 3 of [Chapter 7 of the Public Acts of the First Extraordinary Session of 2025](#) and Section 9 of [Chapter 235 of the Public Acts of 2025](#).

Regarding the funding floor, beginning with the 2026-27 school year, if a local education agency's (LEA's) TISA allocation for the current school year is less than the allocation for the immediately preceding school year and the LEA has experienced disenrollment, the department will allocate additional state funds so that the current year allocation equals the prior year allocation. Beginning in the 2027-28 school year and thereafter, if an LEA has previously received additional funds under the funding floor and its allocation for the current school year is less than the prior year, the department will allocate additional state funds to maintain the prior year funding level.

For the safety net provision, the rule reflects updates to the TISA law specifying that an LEA's TISA allocation generated by students enrolled in non-virtual schools must decrease by more than five percent from the preceding year to generate additional TISA funding under the provision. In such cases, additional TISA funds will be generated so that the total decrease is limited to 5 percent.

**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 revisions removing references to the WIDA assessment and aligning the tiering of English learner students with scores from the current English language proficiency assessment, based on the conversion structure detailed in the state's accountability protocol, are not expected to have a significant fiscal impact on any LEA.

Based on analysis of 2024-25 TISA funding and Average Daily Membership (ADM) across all LEAs, and assuming future growth in funding and ADM is consistent with historical trends, it is estimated that 15 LEAs will meet the funding floor criteria in fiscal year 2026-27. These LEAs are projected to qualify for approximately \$5.4 million in additional allocations. Per the change in law, additional funds provided to LEAs will be solely state-funded. Accordingly, the estimated increase in state expenditures to maintain these LEAs at the prior year's funding level is \$5.4 million in FY2026-27. The fiscal impact on TISA funding and LEA allocations in subsequent years cannot be quantified with reasonable certainty due to multiple unknown variables, such as future TISA funding growth and future changes in ADM.

Excluding virtual students from eligibility calculations for the safety net provision is not expected to have a significant fiscal impact at either the state or local level.

**Connection to the [Master Plan](#):**

This item supports the State Board's strategic focus on Engagement and Accountability by ensuring that the state's student-based funding formula is implemented consistently and in alignment with current law and policy. By updating funding provisions and assessment references, the rule promotes transparency and accuracy in how resources are allocated to LEAs.

**The Recommendation:**

The Tennessee Department of Education recommends that the State Board issue a positive recommendation for the rule revisions in this item. The SBE staff concurs with this recommendation.