

Amendment No. _____

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

Signature of Sponsor

AMEND Senate Bill No. 2396

House Bill No. 2143*

by deleting all language after the caption and substituting instead the following:

WHEREAS, the State of Tennessee recognizes it is in the best interest of this State to provide a high-quality education for all students; and

WHEREAS, this General Assembly finds and declares that a high-quality education system must be supported by a state education funding formula that is based on accountability, transparency, growth, and flexibility, so that every student receives the resources they need, every dollar maximizes the impact of those resources, decisions are strategically made at the local level, parents are informed, and the public understands the system; and

WHEREAS, the governor and the Department of Education implemented a procedure to engage the public in the development of a new education funding formula that included eighteen subcommittees composed of Tennesseans from across the State representing a variety of student interests, over sixteen public meetings, an open-comment period, biweekly online town hall meetings, and a myriad of other education funding presentations and public feedback opportunities regarding the elements of a new education funding formula; and

WHEREAS, this General Assembly declares that the creation of a new formula for funding a high-quality public education system in Tennessee is warranted, and such funding formula must be designed to support the following goals:

- (1) Empowering each student to read proficiently by third grade;
- (2) Preparing each high school graduate to succeed in the postsecondary program or career of the graduate's choice; and



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(3) Providing each student with the resources needed to succeed, regardless of the student's individual circumstances; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 49, Chapter 3, Part 1, is amended by deleting the part and substituting:

49-3-101. Short title.

This part is known and may be cited as the "Tennessee Investment in Student Achievement Act."

49-3-102. General provisions.

(a) The state school fund consists of all funds appropriated or allocated from the state treasury for the operation and maintenance of the public schools or that may derive from any state taxes, the proceeds of which are devoted to public school purposes.

(b) The state school fund must be administered and distributed in accordance with the applicable provisions of this title, or, if not controlled in the provisions of this title, then in accordance with the provisions of the general appropriations act that may be applicable.

(c) Notwithstanding §§ 49-3-105 – 49-3-109 or any other law to the contrary, the changes in education funding implemented pursuant to this part are subject to and must be implemented only in accordance with funding as approved by the general assembly in the general appropriations act or other legislative act passed by the general assembly.

49-3-103. Tennessee investment in student achievement formula established.

(a) The Tennessee investment in student achievement formula (TISA) is a student-based funding formula established as the system for funding education for kindergarten through grade twelve (K-12) public schools. The TISA is established to support the following goals:

(1) Empowering each student to read proficiently by third grade;

(2) Preparing each high school graduate to succeed in the postsecondary program or career of the graduate's choice; and

(3) Providing each student with the resources needed to succeed, regardless of the student's individual circumstances.

(b) The department shall implement the TISA beginning with the 2023-2024 school year.

(c) The funding described in this part must be allocated in accordance with this part and with rules promulgated by the department in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

(d) By July 1, 2023, and by each July 1 thereafter, the department shall create and publish a TISA guide outlining the department's procedures for administering the TISA. At a minimum, the TISA guide must:

(1) Identify the data that the department must receive from each LEA for purposes of administering the TISA;

(2) Explain how and when the data identified pursuant to subdivision (d)(1) must be submitted to the department;

(3) Explain how an LEA may dispute an alleged error in an allocation made to the LEA; and

(4) State that pursuant to § 49-3-108(i), the comptroller shall not approve a local government budget that fails to include the local contribution.

49-3-104. Definitions.

As used in this part, unless the context otherwise requires:

(1) "Average daily membership" or "ADM" means the sum of the total number of days enrolled divided by the number of days school is in session during this period as provided in the rules of the state board;

(2) "Base funding amount" means the uniform dollar amount that each student generates towards the student's funding allocation in a given year;

(3) "Baseline funding amount" means the basic education program allocations an LEA received in the 2022-2023 school year;

(4) "Career and technical program" means a coordinated, non-duplicative sequence of academic and technical content that:

(A) Incorporates challenging state academic standards;

(B) Addresses academic and technical knowledge and skills, including employability skills;

(C) Is aligned with the needs of industries in the economy of the state, region, or local area;

(D) Progresses in specificity;

(E) Has multiple entry and exit points that incorporate credentialing;

(F) Culminates in the attainment of a recognized credential; and

(G) Is established and categorized into one (1) of three (3) levels by the department, as provided in the department's rules, based on the additional resources required to support the program and the wage-earning potential for students participating in the program;

(5) "Commissioner" means the commissioner of education;

(6) "Concentrated poverty" means that a student is a member in a school that is eligible for Title I schoolwide designation;

(7) "Department" means the department of education;

(8) "Direct allocation" means an allocation in addition to the base funding amount for a student expressed as a flat dollar amount;

(9) "Distribution period" means the period for which the department distributes funds pursuant to a distribution schedule established pursuant to § 49-3-108;

(10) "Economically disadvantaged" means, as defined in Tennessee's Every Student Succeeds Act (ESSA) plan established pursuant to the federal Every Student Succeeds Act (20 U.S.C. § 6301 et seq.), a homeless, foster, runaway, or migrant student or a student eligible for free or reduced-price school meals or milk through the direct certification eligibility guidelines established pursuant to 42 U.S.C. §§ 1751-1769;

(11) "Existing educator" means an individual who is evaluated pursuant to § 49-1-302(d)(2) and who provides direct service to students at school sites;

(12) "Fiscal capacity" means the percentage of the local share that a county must contribute;

(13) "Fiscal capacity calculation" means the formula established by the Boyd Center for Business and Economic Research at the University of Tennessee, evaluated by the comptroller of the treasury, and approved by the state board that determines fiscal capacity;

(14) "Local contribution" means the dollar amount of local funds that a local government must pay toward the local share;

(15) "Local education agency" or "LEA" means a county, city, or special school district, unified school district, school district of a metropolitan form of government, or another school system established by law;

(16) "Membership" means a student is enrolled and assigned to a class;

(17) "Postsecondary readiness assessment" means the assessment required pursuant to § 49-6-6001(b);

(18) "Small district" means an LEA with a membership of one thousand (1,000) or fewer students;

(19) "Sparse district" means a county LEA located in a county with fewer than twenty-five (25) students per square mile;

(20) "State board" means the state board of education;

(21) "TCAP" means the Tennessee comprehensive assessment program;

(22) "Tennessee investment in student achievement formula" or "TISA" means the student-based funding formula established pursuant to this part that consists of student-generated funding allocations pursuant to §§ 49-3-105 – 106;

(23) "Unique learning need" means a learning need for which an LEA must provide the student individualized services, interventions, accommodations, or modifications to meet the student's need pursuant to § 49-1-229, § 49-10-108, the Individuals with Disabilities Education Act (20 U.S.C. § 1400 et seq.), or the state board's rules for English as a second language programs, that are documented in a written plan and provided in accordance with § 49-1-229, § 49-10-108, the Individuals with Disabilities Education Act (20 U.S.C. § 1400 et seq.), or state board's rules for English as a second language programs, as applicable, and that are established and categorized into ten (10) levels by the department, as provided in the department's rules, based on the level of additional recourse necessary to manage the unique learning need. "Unique learning needs" include, but are not limited to, disabilities, characteristics of dyslexia, giftedness, or limited English proficiency. A student may have multiple unique learning needs, including multiple unique learning needs of different levels or of the same level; and

(24) "Weighted allocation" means an allocation in addition to the base funding amount for a student that is expressed as a percentage of the base funding amount.

49-3-105. Base funding; weighted allocations; direct allocations.

(a) Each student generates a funding allocation that includes the following:

(1) The base funding amount;

(2) Weighted allocations for which the individual student satisfies the criteria established in subsection (b); and

(3) Direct allocations for which the individual student satisfies the criteria established in subsection (c).

(b) A student generates weighted allocations, none of which is mutually exclusive of another, as follows:

(1) The weighted allocation for a student who is economically disadvantaged is twenty-five percent (25%);

(2) The weighted allocation for a student who experiences concentrated poverty is five percent (5%);

(3) The weighted allocation for a student who attends a public charter school is four percent (4%);

(4) The weighted allocation for a student who resides in a small district is five percent (5%);

(5) The weighted allocation for a student who resides in a sparse district is five percent (5%); and

(6) The department shall establish and categorize unique learning needs into ten (10) levels by rule based on the additional resources required to support each unique learning need. A student generates a weighted allocation for each of the student's unique learning needs as follows:

(A) The weighted allocation for a level one (1) unique learning need is fifteen percent (15%);

(B) The weighted allocation for a level two (2) unique learning need is twenty percent (20%);

(C) The weighted allocation for a level three (3) unique learning need is forty percent (40%);

(D) The weighted allocation for a level four (4) unique learning need is sixty percent (60%);

(E) The weighted allocation for a level five (5) unique learning need is seventy percent (70%);

(F) The weighted allocation for a level six (6) unique learning need is seventy-five percent (75%);

(G) The weighted allocation for a level seven (7) unique learning need is eighty percent (80%);

(H) The weighted allocation for a level eight (8) unique learning need is one hundred percent (100%);

(I) The weighted allocation for a level nine (9) unique learning need is one-hundred twenty-five percent (125%); and

(J) The weighted allocation for a level ten (10) unique learning need is one-hundred fifty percent (150%).

(c) The department shall promulgate rules in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, to set the direct allocation amounts generated for the following students:

(1) A rising fourth grade student who is determined to not be proficient in English language arts (ELA) based on the student achieving a performance level rating of "below" on the ELA portion of the student's most recent TCAP test;

(2)

(A) A student assigned to the first year of a level one (1) career and technical program;

(B) A student assigned to the second year of a level one (1) career and technical program;

(C) A student assigned to the third year of a level one (1) career and technical program;

(D) A student assigned to the fourth year of a level one (1) career and technical program;

(E) A student assigned to the first year of a level two (2) career and technical program;

(F) A student assigned to the second year of a level two (2) career and technical program;

(G) A student assigned to the third year of a level two (2) career and technical program;

(H) A student assigned to the fourth year of a level two (2) career and technical program;

(I) A student assigned to the first year of a level three (3) career and technical program;

(J) A student assigned to the second year of a level three (3) career and technical program;

(K) A student assigned to the third year of a level three (3) career and technical program; and

(L) A student assigned to the fourth year of a level three (3) career and technical program;

(3)

(A) A junior or senior in high school who has not previously taken a postsecondary readiness assessment; and

(B) A junior or senior in high school who has previously taken a postsecondary readiness assessment, but only once; and

(4) A student in any of the grades kindergarten through three (K-3).

(d) The funding that a student generates pursuant to this section must be administered and allocated by the department to the LEA in which the student is a member for the duration of the student's membership in the LEA, except that the funding

a student generates pursuant to subdivision (c)(3) shall not be allocated to the LEA, but must be maintained by the department. 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.

(e) A portion of any annual increase in the base funding amount may be restricted by act of 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 pursuant to this subsection (e), 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.

(f) Funding allocations made pursuant to this section are based on data collected for an LEA during the immediately preceding school year.

49-3-106. Student outcome incentives.

(a) Subject to available appropriations, the department shall allocate student-generated outcome incentive dollars to an LEA based on the achievement of member students in the LEA's public schools.

(b) An LEA may receive student-generated outcome incentive dollars if the member students in the LEA's public schools achieve the outcome goals established by the department. The department shall establish outcome goals by rule in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

(c) The department shall allocate available appropriations for student-generated outcome incentive dollars to LEAs in direct proportion to the number of outcome incentive dollars generated by students who are members in each of the LEA's public schools, relative to the total number of outcome incentive dollars generated by all Tennessee public school students.

(d) Funding allocations made pursuant to subsections (a)-(c) are based on the data collected for the LEA during the immediately preceding school year.

(e) Funds allocated pursuant to this part that remain unexpended at the end of a fiscal year shall not revert to the general fund but must be used to supplement future allocations of outcome incentive dollars pursuant to this section.

(f) The commissioner may, in the commissioner's discretion, convene a group of individuals with relevant experience or expertise to advise the commissioner regarding outcome incentive dollars and outcome goals.

49-3-107. Fast-growth stipends.

(a) Subject to available appropriations, stipends must be allocated pursuant to this section. Funds appropriated for the purposes of this section must first be allocated pursuant to subsection (b). If the funds appropriated for the purposes of this section exceed the amount required to fund stipends pursuant to subsection (b), then the excess funds must next be allocated pursuant to subsection (c). If the funds appropriated for the purposes of this section exceed the amount required to fund stipends pursuant to subsections (b) and (c), then the percentage in subsection (b) may be lowered to ensure that all funds appropriated are allocated and disbursed to LEAs.

(b) An LEA that experiences growth in the total allocation generated by students in non-virtual schools in the LEA pursuant to § 49-3-105 in the current year in excess of two percent (2%), as compared to the prior year, is eligible for a fast-growth stipend equal to the increase in allocations in excess of two percent (2%). If the funds appropriated for purposes of this section are insufficient to provide for an LEA's fast-growth stipend, then the commissioner shall apply a pro rata reduction to the stipend amount each LEA is otherwise eligible to receive.

(c) Subject to available appropriations, an LEA that experiences ADM growth in non-virtual schools exceeding two percent (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 the LEA for the current school year in excess of a two percent (2%) growth in ADM from the prior year. An infrastructure stipend in a given year must be uniform for all eligible LEAs.

49-3-108. Distribution of funds.

(a) The commissioner and each local government shall 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.

(b)

(1) If, during the first year of implementation of the TISA, an LEA's allocated TISA funds total less than the LEA's baseline funding amount, then the department shall allocate additional funds to the LEA in an amount equal to one hundred percent (100%) of the difference between the LEA's baseline funding amount and the LEA's allocated TISA amount.

(2) If an LEA was eligible for additional funds under subdivision (b)(1), and if, during the second year of implementation of the TISA, the LEA's allocated TISA funds total less than the LEA's baseline funding amount, then the department shall allocate additional funds to the LEA in an amount equal to seventy-five percent (75%) of the difference between the LEA's baseline funding amount and the LEA's allocated TISA amount.

(3) If an LEA was eligible for additional funds under subdivisions (b)(1) and (b)(2), and if, during the third year of implementation of the TISA, the LEA's allocated TISA funds total less than the LEA's baseline funding amount, then the department shall allocate additional funds to the LEA in an amount equal to fifty percent (50%) of the difference between the LEA's baseline funding amount and the LEA's allocated TISA amount.

(4) If an LEA was eligible for additional funds under subdivisions (b)(1)-(3), and if, during the fourth year of implementation of the TISA, the LEA's allocated TISA funds total less than the LEA's baseline funding amount, then the department shall allocate additional funds to the LEA in an amount equal to twenty-five percent (25%) of the difference between the LEA's baseline funding amount and the LEA's allocated TISA amount.

(c) An LEA's allocated education funding shall not decrease more than five percent (5%) from one (1) year to the next year. If an LEA's TISA allocation decreases by more than five percent (5%) from the LEA's TISA allocation for the prior school year, then the department shall allocate additional funds to the LEA in an amount such that the decrease in the LEA's TISA allocation for the current year is only five percent (5%), except that the department shall not allocate additional funds to an LEA pursuant to this subsection (c) if the department is required to allocate additional funds to the LEA pursuant to subsection (b).

(d)

(1) Subject to available appropriations, the department shall distribute a grant to an LEA that:

(A) Is located within a county designated as distressed or at risk by the commissioner of economic and community development and for which the LEA's fiscal capacity and local contribution increase the LEA's maintenance of effort requirements pursuant to § 49-3-314(c)(3)(A); or

(B) Is located within a county having an active tourism development zone agreement and having a population of not less than ninety-eight thousand three-hundred (98,300) nor more than ninety-eight thousand four-hundred (98,400), according to the 2020 federal census or any subsequent federal census.

(2) An LEA that satisfies the criteria of subdivisions (d)(1)(A) and (d)(2)(B) may receive multiple grants.

(e) Before a full and complete settlement is made with an LEA, the LEA must file all required records and reports with the commissioner.

(f) The commissioner shall withhold student-generated outcome incentive dollars from an LEA until the individuals from the LEA and the corresponding local government pass the training assessment required in § 49-3-110(a).

(g) If the action prescribed in subsection (g) is necessary, then the commissioner may waive any state board rule or statute that inhibits or hinders an LEA's ability to meet the LEA's goals or comply with the LEA's mission until the state provides the allocated funding; provided, however, that the commissioner shall not waive the regulatory or statutory requirements listed in § 49-1-201(d)(1)(A)-(O).

(h) Notwithstanding § 49-3-105, if state funds available for distribution are insufficient to meet an LEA's TISA allocation for a school year, then the commissioner shall apply a pro rata reduction to the amount that each LEA is allocated.

(i) If a local government fails to include the local contribution in the local government's budget, then the comptroller of the treasury shall not approve the local government's budget.

49-3-109. State and local contributions; determination of fiscal capacity.

(a) The state shall provide:

(1) Seventy percent (70%) of the total funding allocation that students generate pursuant to § 49-3-105(a)(1) and (a)(2); and

(2) One hundred percent (100%) of:

(A) The total funding allocation that students generate pursuant to § 49-3-105(a)(3);

(B) The total funding allocation that students generate pursuant to § 49-3-106; and

(C) The total funding allocated pursuant to § 49-3-107.

(b) The local share, which must be paid with local government funds, is the remaining thirty percent (30%) of the total funding allocation that students funded by a local government generate pursuant to § 49-3-105(a)(1) and (a)(2).

(c) The fiscal capacity of each county must be determined pursuant to the fiscal capacity calculation. The fiscal capacity of each county must be determined by May 1 immediately preceding the school year for which students generate the total funding allocation. The fiscal capacity of a county for a school year shall not be revised after its fiscal capacity has been determined for that school year.

(d) A county's local contribution is calculated by multiplying the county's fiscal capacity by the local share. Each local government's local contribution must be proportional to the funding allocation that students generate in the local government's jurisdiction pursuant to § 49-3-105(a)(1) and (a)(2).

(e) The intent of the general assembly is to provide funding on a fair and equitable basis by recognizing the differences in the ability of local jurisdictions to raise local revenues.

(f) If a local government fails to approve a budget that includes the local government's local contribution and maintenance of effort obligations by October 1, then the commissioner shall not distribute TISA funds to the LEA until the local government approves a budget that includes such obligations.

(g) This part and § 49-3-314(c) establish the minimum education funding that a local government must contribute. This part does not prohibit or limit a local government from contributing more than the local contribution required in subsection (b).

49-3-110. Professional development requirements.

(a) The department shall create or procure, and make available at no cost to participants, a professional development series on the TISA. The series must include, at a minimum, an in-depth explanation of the TISA and the TISA guide, instruction on how

to budget to increase student achievement, instruction on how to connect student achievement with investments in education, instruction on how to hold decision-makers accountable for funding decisions, and a training assessment that each participant must take and pass at the end of the series. The following individuals are required to participate in the professional development series and to take and pass the training assessment, by June 30, 2024, or within the first year of the individual's term of office or employment, whichever is later:

- (1) Directors of schools;
- (2) School board members;
- (3) Members of a public charter school governing body;
- (4) Members and the executive director of the state board;
- (5) Members and the executive director of the Tennessee public charter school commission;

(6) Members of local legislative bodies that are responsible for school funding; and

(7) Employees of an LEA, a public charter school, the department, the state board, the Tennessee public charter school commission, or a local legislative body who are responsible for developing, reviewing, or otherwise assisting the LEA, school, state agency, or local legislative body with the annual education budget for the LEA, school, state agency, or local legislative body.

(b) The department shall create or procure, and make available at no cost to participants, a professional development series for LEA and public charter school employees that is tailored to the professional duties of various types of employees and includes an overview of the TISA and best practices for how an employee can maximize budget investments to increase student achievement through the employee's work. The professional development series must be available no later than January 1, 2023.

(c) A professional development series created or procured pursuant to this section may be provided to participants virtually or in person at the discretion of the department. The department shall make all instructional materials used as part of the series publicly available on the department's website.

49-3-111. TISA reporting.

(a) Each LEA must have the opportunity to provide feedback and recommendations regarding the TISA to the department and the comptroller of the treasury, on a template prescribed by the department, by November 1, 2023, and each November 1 thereafter.

(b) By January 15, 2024, and each January 15 thereafter, the department shall deliver a TISA report to the members of the general assembly that contains, at a minimum:

(1) An academic analysis of each LEA;

(2) The accountability report cards for each LEA;

(3) An executive summary of the feedback and recommendations provided by LEAs pursuant to subsection (a); and

(4) Reviews of the TISA by relevant experts, including a cost review and recommendations.

(c) The department shall make the report generated pursuant to subsection (b) publicly available on the department's website.

(d) The comptroller of the treasury, through the comptroller's office of research and education accountability, shall review and study the TISA to determine the effectiveness of state expenditures on kindergarten through grade twelve (K-12) education. By December 31, 2024, the comptroller shall report the conclusions of the study and any legislative recommendations to the speakers of the senate and house of representatives and to the members of the education committee of the senate and the education administration committee of the house of representatives.

49-3-112. Accountability requirements.

(a) Each local board of education shall produce an accountability report that:

(1) Establishes goals for student achievement in the current school year and explains how the goals can be met within the LEA's budget;

(2) 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; provided, however, that this subdivision

(a)(2) does not apply to the report submitted for the 2023-2024 school year.

(b) The report required in this section must be presented to the public for comment before the report is submitted to the department. The report required by this section must be submitted to the department by November 1, 2023, and each November 1 thereafter.

(c) An LEA that operates or authorizes 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 an ad hoc joint committee of the general assembly 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. The speakers of the senate and house of representatives shall each appoint members to serve on the joint ad hoc committee from the members of the general assembly serving on the education or finance committees of the senate and house of representatives. At the conclusion of a hearing conducted pursuant to this subsection (c), the joint ad hoc committee may direct the department to impose one (1) of the following corrective actions:

(1) Require the LEA or public charter school to develop, submit to the department for approval, and implement a corrective action plan consistent with a corrective action plan template developed by the department. The department shall report to the committee regarding the LEA's or public charter school's implementation of the corrective action plan; or

(2) Appoint an inspector general selected by the comptroller of the treasury to oversee the LEA's or public charter school's academic programming and spending. The department shall report to the committee regarding the outcomes of the inspector general's oversight. The department shall promulgate rules to effectuate this subdivision (c)(2) in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

(d) The department shall apportion the costs of implementing a corrective action imposed pursuant to subdivision (c)(2) between the department and the LEA on a case-by-case basis, subject to the approval of the joint ad hoc committee.

49-3-113. Rulemaking authority.

The department may promulgate rules to effectuate this part in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

SECTION 2. Tennessee Code Annotated, Title 49, Chapter 3, Part 3, is amended by deleting sections 49-3-301, 49-3-303, 49-3-304, 49-3-305, 49-3-307, 49-3-309, 49-3-318, 49-3-351, 49-3-354, 49-3-355, 49-3-356, 49-3-360, 49-3-362, 49-3-363, 49-3-364, 49-3-365, 49-3-367, and 49-3-368.

SECTION 3. Tennessee Code Annotated, Section 49-3-302(3), is amended by deleting the subdivision.

SECTION 4. Tennessee Code Annotated, Section 49-3-302(11), is amended by deleting the subdivision and substituting:

(11) "Local education agency" or "LEA" has the same meaning as defined in § 49-3-104;

SECTION 5. Tennessee Code Annotated, Section 49-3-302(12), is amended by deleting the language "as provided in § 49-3-305" and substituting "for the administration of this part".

SECTION 6. Tennessee Code Annotated, Section 49-3-302, is amended by adding the following as a new subdivision:

() "Tennessee investment in student achievement formula" or "TISA" has the same meaning as defined in § 49-3-104;

SECTION 7. Tennessee Code Annotated, Section 49-3-306(b)(2), is amended by deleting the subdivision.

SECTION 8. Tennessee Code Annotated, Section 49-3-306(b)(4), is amended by deleting the subdivision.

SECTION 9. Tennessee Code Annotated, Section 49-3-306(d), is amended by deleting the last sentence.

SECTION 10. Tennessee Code Annotated, Section 49-3-310, is amended by deleting "Funding for textbooks and other instructional materials shall be provided through the BEP," and substituting "Textbooks and other instructional materials purchased by LEAs and public charter schools using state school funds are".

SECTION 11. Tennessee Code Annotated, Section 49-3-313, is amended by adding the following as a new subsection:

() The disbursement of state funds annually appropriated for the school lunch program must be according to rules and regulations prescribed by the commissioner, as approved by the state board.

SECTION 12. Tennessee Code Annotated, Section 49-3-314(c)(1), is amended by deleting the language "state education finance funds as set forth in this part" and substituting "state education finance funds as set forth in part 1 of this chapter".

SECTION 13. Tennessee Code Annotated, Section 49-3-314, is amended by deleting subsections (a) and (b).

SECTION 14. Tennessee Code Annotated, Section 49-3-315(b)(1), is amended by deleting the language "state school funds distributed under this part" and substituting "state school funds distributed under part 1 of this chapter".

SECTION 15. Tennessee Code Annotated, Section 49-3-316(a)(3), is amended by deleting "August 1" wherever it appears and substituting "October 1".

SECTION 16. Tennessee Code Annotated, Section 49-3-316(c)(1), is amended by deleting the language "failure to comply with the requirements of this part," and substituting "failure to comply with the requirements of this part, part 1 of this chapter,".

SECTION 17. Tennessee Code Annotated, Section 49-3-316(d)(2), is amended by deleting the language "expenditures mandated by this part" and substituting "any expenditures mandated by this part or part 1 of this chapter".

SECTION 18. Tennessee Code Annotated, Section 49-3-317(a)(2), is amended by deleting the language "under this part".

SECTION 19. Tennessee Code Annotated, Section 49-3-323, is amended by deleting the section.

SECTION 20. Tennessee Code Annotated, Section 49-3-353, is amended by deleting "Tennessee BEP" wherever it appears and substituting "TISA".

SECTION 21. Tennessee Code Annotated, Section 49-3-357, is amended by deleting the language "under this part," and substituting "under this part, part 1 of this chapter,".

SECTION 22. Tennessee Code Annotated, Section 49-3-358(a), is amended by deleting "basic education program (BEP) account" and substituting "Tennessee investment in student achievement formula (TISA) account".

SECTION 23. Tennessee Code Annotated, Section 49-3-358, is amended by deleting "BEP" wherever it appears and substituting "TISA".

SECTION 24. Tennessee Code Annotated, Section 49-3-359(a), is amended by deleting the first sentence and substituting "Each LEA and public charter school must pay two hundred dollars (\$200) for each teacher in kindergarten through grade twelve (K-12) for the purpose described in this subsection (a).".

SECTION 25. Tennessee Code Annotated, Section 49-3-359(b), is amended by deleting the subsection.

SECTION 26. Tennessee Code Annotated, Section 49-3-359(c)(1), is amended by deleting the subdivision and substituting:

(1) An LEA may use TISA funds to directly employ a public school nurse or to contract with the Tennessee public school nurse program, created in § 68-1-1201, for the provision of school health services. An LEA must use TISA funds to directly employ, or contract for, a public school nurse as provided in this subsection (c), or must advise the department of education of the LEA's election not to do so.

SECTION 27. Tennessee Code Annotated, Section 49-3-403(b)(2), is amended by deleting "§ 49-3-302" and substituting "§ 49-3-104".

SECTION 28. Tennessee Code Annotated, Section 49-3-404(4), is amended by deleting the language "basic education program" and substituting "Tennessee investment in student achievement formula (TISA)".

SECTION 29. Tennessee Code Annotated, Section 49-3-1005(c), is amended by deleting the language "a portion of the nonclassroom component of the BEP funding generated for capital outlay purposes" and substituting "and beginning with bonds issued on or after July 1, 2023, a portion of the TISA base funding amount and a portion of an infrastructure stipend pursuant to § 49-3-107, subject to the maximum limits established pursuant to § 4-31-1005(g)(2)".

SECTION 30. Tennessee Code Annotated, Section 49-3-1007, is amended by deleting the language "BEP" wherever it appears and substituting instead "TISA".

SECTION 31. Tennessee Code Annotated, Section 49-1-201(c)(20), is amended by deleting subdivision (C) and substituting instead:

(C) The commissioner may prepare and promulgate, without board approval, rules that are solely necessary for the internal administrative operation and functions of the department and to implement the TISA in accordance with the Tennessee Investment in Student Achievement Act, compiled in chapter 3, part 1 of this title. With the exception of the rulemaking authority provided in the Tennessee Investment in Student Achievement Act, compiled in chapter 3, part 1 of this title, the department's

authority to promulgate rules does not supersede the powers of the state board and may be used only in performance of the commissioner's administrative responsibilities;

SECTION 32. Tennessee Code Annotated, Section 49-1-302, is amended by deleting subdivision (a)(4).

SECTION 33. Tennessee Code Annotated, Section 49-1-613(a), is amended by deleting the language "basic education program (BEP) as the result of changes made in the BEP formula for school year 2007-2008" and substituting "the TISA".

SECTION 34. Tennessee Code Annotated, Section 49-1-614(d)(1), is amended by deleting the second sentence and substituting "The ASD shall receive from the department or LEA, as appropriate, an amount of state and local funds in the manner prescribed in § 49-13-112 for all schools in the ASD, including those schools operated through charter agreements, contracts, and direct-run models."

SECTION 35. Tennessee Code Annotated, Section 49-1-614(d)(1), is amended by adding ", IDEA," after "Title I".

SECTION 36. Tennessee Code Annotated, Section 49-1-1003, is amended by deleting subsection (a) and substituting instead:

(a) The department of education shall establish and administer the Connie Hall Givens coordinated school health program. An LEA shall annually submit a coordinated school health plan to the department for approval. Each coordinated school health plan must include how the LEA intends to spend funds for student health and wellness.

SECTION 37. Tennessee Code Annotated, Section 49-1-1003(b), is amended by deleting the word "grant".

SECTION 38. Tennessee Code Annotated, Title 49, Chapter 1, is amended by deleting Sections 49-1-1004 and 49-1-1006.

SECTION 39. Tennessee Code Annotated, Section 49-1-1005, is amended by deleting the section and substituting:

The department of education and the department of health shall coordinate existing school health programs, grants, and initiatives. To the extent possible in light of existing contracts and waiver requirements, funding, including TennCare funding, must likewise be coordinated. Schools should be encouraged and permitted to perform health screening services under TennCare contracts.

SECTION 40. Tennessee Code Annotated, Section 49-2-101(1)(D), is amended by deleting the language "basic education program (BEP) under chapter 3, part 3 of this title" and substituting instead "Tennessee investment in student achievement formula (TISA) under chapter 3, part 1 of this title".

SECTION 41. Tennessee Code Annotated, Section 49-2-115(b), is amended by deleting the language "Upon approval by the department of education, basic education program (BEP)" and substituting "Tennessee investment in student achievement formula (TISA)".

SECTION 42. Tennessee Code Annotated, Section 49-2-115(c), is amended by deleting the subsection.

SECTION 43. Tennessee Code Annotated, Section 49-2-203(b)(11), is amended by deleting the language "State basic education program (BEP) funds and any required local matching funds" and substituting "Tennessee investment in student achievement formula (TISA) funds, outcome incentive dollars pursuant to § 49-3-106, and required local contributions".

SECTION 44. Tennessee Code Annotated, Section 49-2-203(b)(16), is amended by deleting the language "participation in the basic education program" and substituting "ability to receive funds under the Tennessee investment in student achievement formula (TISA)".

SECTION 45. Tennessee Code Annotated, Section 49-2-2101(c)(3), is amended by deleting the language "basic education program (BEP)" and substituting "Tennessee investment in student achievement formula (TISA)".

SECTION 46. Tennessee Code Annotated, Section 49-5-407, is amended by deleting the section.

SECTION 47. Tennessee Code Annotated, Section 49-6-101(c)(2), is amended by deleting the language "for participation in the basic education program" and substituting "pursuant to the Tennessee investment in student achievement formula (TISA)".

SECTION 48. Tennessee Code Annotated, Section 49-6-107(b), is amended by deleting the language "Basic Education Program (BEP) funding formula" and substituting "Tennessee investment in student achievement formula (TISA)".

SECTION 49. Tennessee Code Annotated, Section 49-6-107(c), is amended by deleting the first sentence and substituting:

As a condition of receiving state funds for classrooms pursuant to §§ 49-6-103 — 49-6-110, the LEA shall provide a matching amount of funds based on the Tennessee investment in student achievement formula (TISA).

SECTION 50. Tennessee Code Annotated, Section 49-6-415(g), is amended by deleting "basic education program" and substituting "TISA".

SECTION 51. Tennessee Code Annotated, Section 49-6-811, is amended by adding the language "and use funds received pursuant to the Tennessee investment in student achievement formula (TISA)" after "school safety center".

SECTION 52. Tennessee Code Annotated, Section 49-6-2603, is amended by deleting the language "basic education program" wherever it appears and substituting "Tennessee investment in student achievement formula (TISA)".

SECTION 53. Tennessee Code Annotated, Section 49-6-2605(a), is amended by deleting the language "basic education program (BEP)" and substituting "TISA".

SECTION 54. Tennessee Code Annotated, Section 49-6-2605(a), is amended by deleting "BEP" wherever it appears and substituting "TISA".

SECTION 55. Tennessee Code Annotated, Section 49-6-2605, is amended by deleting "BEP" wherever it appears and substituting "TISA".

SECTION 56. Tennessee Code Annotated, Section 49-6-2608(e), is amended by deleting the language "basic education program (BEP)" and substituting "Tennessee investment in student achievement formula (TISA)".

SECTION 57. Tennessee Code Annotated, Section 49-6-3004(g), is amended by deleting the language "basic education program (BEP)" and substituting "Tennessee investment in student achievement formula (TISA)".

SECTION 58. Tennessee Code Annotated, Section 49-6-3104(g), is amended by deleting the language "basic education program (BEP)" and substituting "Tennessee investment in student achievement formula (TISA)".

SECTION 59. Tennessee Code Annotated, Section 49-6-3104(g)(2), is amended by deleting the subdivision.

SECTION 60. Tennessee Code Annotated, Section 49-6-3108, is amended by deleting the language "basic education program (BEP)" and substituting "Tennessee investment in student achievement formula (TISA)".

SECTION 61. Tennessee Code Annotated, Section 49-6-4302, is amended by deleting subsections (c), (d), (e), and (g) and adding the following as new subsections:

() LEAs may use funding allocated through the Tennessee investment in student achievement formula (TISA) for programs that address school safety, including, but not limited to, innovative violence prevention programs, conflict resolution, disruptive or assaultive behavior management, improved school security, school resource officers, school safety officers, peer mediation, and training for employees on the identification of possible perpetrators of school-related violence.

() LEAs shall submit an annual school safety plan to the Tennessee school safety center. The Tennessee school safety center shall review school safety plans in collaboration with the state-level school safety team established under § 49-6-802. The Tennessee school safety center shall develop a template for school safety plans to ensure that plans describe, at a minimum, how TISA funds will be used to:

- (1) Improve and support school safety;
- (2) Meet the needs identified in a school security assessment conducted pursuant to this section; and
- (3) Support the safety needs of LEA-authorized public charter schools, if applicable.

SECTION 62. Tennessee Code Annotated, Section 49-10-109, is amended by deleting the language "basic education program (BEP)" and substituting "Tennessee investment in student achievement formula (TISA)".

SECTION 63. Tennessee Code Annotated, Section 49-10-109, is amended by deleting "BEP" wherever it appears and substituting "TISA".

SECTION 64. Tennessee Code Annotated, Section 49-10-113(a), is amended by deleting the language "basic education program (BEP)" and substituting "Tennessee investment in student achievement formula (TISA)".

SECTION 65. Tennessee Code Annotated, Section 49-10-1403, is amended by deleting the language "basic education program (BEP)" wherever it appears and substituting "Tennessee investment in student achievement formula (TISA)".

SECTION 66. Tennessee Code Annotated, Section 49-10-1405(a)(1), is amended by deleting the language "the per pupil state and local funds generated and required through the basic education program (BEP) for the LEA in which the student resides and is zoned to attend" and substituting "the total funding allocation that the student generates under the Tennessee investment in student achievement formula (TISA)".

SECTION 67. Tennessee Code Annotated, Section 49-11-405(b), is amended by deleting the subsection and substituting:

- (b) A board of education shall not use TISA funds or any local funds required by the TISA for purposes of this section.

SECTION 68. Tennessee Code Annotated, Section 49-13-104(11), is amended by deleting "§ 49-3-302" and substituting "§ 49-3-104".

SECTION 69. Tennessee Code Annotated, Section 49-13-112(a), is amended by deleting the subsection and substituting:

(a)

(1) A local board of education shall allocate to the charter school an amount equal to:

(A) The total of the state and local student-generated funds for member students in the charter school for the prior year in alignment with the TISA pursuant to chapter 3, part 1 of this title;

(B) The average per pupil local funds received by the district in the current school year above those required by the TISA for each member student in the charter school in the prior year;

(C) The per student state and local funds received by the LEA for member students in the charter school in the current school year beyond the prior year's membership; and

(D) All appropriate allocations under federal law or regulation, including, but not limited to, IDEA and ESEA funds.

(2) Federal funds received by the LEA must be disbursed to charter schools authorized by the LEA by either joint agreement on shared services by individual charters or sub-grants to charters for the charter's equitable share of the federal grant based on eligible students. The allocation must be made in accordance with the policies and procedures developed by the department of education.

(3) Each LEA shall include as part of its budget submitted pursuant to § 49-2-203, the per pupil amount of local money it will pass through to charter schools during the upcoming school year, including all calculations listed in this section. Allocations to the charter schools during that year must be based on the calculated amounts. The LEA shall distribute the portion of local funds it expects

to receive in no fewer than nine (9) equal installments to the charter schools in the same manner as state funds are distributed pursuant to chapter 3 of this title. An LEA shall adjust payments to charter schools, at a minimum, in October, February, and June, based on changes in revenue, student membership, or student services. All funds received by a charter school must be spent according to the budget submitted or as otherwise revised by the public charter school governing body, subject to the requirements of state and federal law.

SECTION 70. Tennessee Code Annotated, Section 49-13-112(b), is amended by deleting "an amount equal to the per pupil state and local funds received by the department or LEA" and substituting "the total of the state and local student-generated funds for member students in the charter school for the prior year in alignment with the TISA, the average per pupil local funds received by the LEA in the current school year above those required by the TISA for each member student in the charter school in the prior year, the per student state and local funds received by the LEA for all additional member students in the charter school in the current year above the prior year's membership, and the per student state and local funds received by the LEA for member students in the charter school in the current school year beyond the prior year's membership".

SECTION 71. Tennessee Code Annotated, Section 49-13-112(c)(1), is amended by adding "and funds generated under the fast-growth stipends detailed in § 49-3-107".

SECTION 72. Tennessee Code Annotated, Section 49-13-112(d), is amended by deleting the subsection.

SECTION 73. Tennessee Code Annotated, Section 49-15-107(a), is amended by deleting the subsection and substituting:

(a) The local board of education shall allocate one hundred percent (100%) of state and local TISA funds generated by the participating student, as well as the average per pupil amount of any additional local funds received by the LEA, to a program approved under this chapter. All funds must be spent according to the budget submitted

in the program agreement or as otherwise revised by the LEA or applicant public postsecondary institution, subject to the requirements of state and federal law.

SECTION 74. Tennessee Code Annotated, Section 49-16-103(a), is amended by deleting the language "basic education program (BEP)" and substituting "Tennessee investment in student achievement formula (TISA)".

SECTION 75. Tennessee Code Annotated, Section 49-16-104(a), is amended by deleting the language "the governor, the general assembly, the state board of education, and the basic education program (BEP) review committee" and substituting "the governor, the general assembly, and the state board of education".

SECTION 76. Tennessee Code Annotated, Section 49-16-213(b), is amended by deleting the last sentence and substituting:

Notwithstanding chapter 3, part 1 of this title, if a public virtual school is closed upon direction of the commissioner or the LEA, then the Tennessee investment in student achievement formula (TISA) payments for the LEA that established the school must exclude a student who was a member in the school the prior year and did not remain a member in the LEA.

SECTION 77. Tennessee Code Annotated, Section 3-14-202(e), is amended by deleting the language "BEP funding formula" and substituting "Tennessee investment in student achievement formula (TISA)".

SECTION 78. Tennessee Code Annotated, Section 4-6-143(h), is amended by deleting the language "basic education program (BEP)" and substituting "Tennessee investment in student achievement formula (TISA)".

SECTION 79. Tennessee Code Annotated, Section 4-31-1003(4), is amended by deleting "§ 49-3-302" and substituting "§ 49-3-104".

SECTION 80. Tennessee Code Annotated, Section 4-31-1004(b), is amended by deleting the language "basic education program" and substituting "Tennessee investment in student achievement formula (TISA)".

SECTION 81. Tennessee Code Annotated, Section 4-31-1005(g), is amended by deleting the subsection and substituting:

(g)

(1) Each local education agency is authorized to pledge to the authority, for the further security of the authority's bonds and notes, a portion of the Tennessee investment in student achievement formula (TISA) base funding amount and a portion of an infrastructure stipend allocated pursuant to § 49-3-107. These pledges may be required by the authority as a condition to making loans to local government units.

(2) The maximum portions of the TISA base funding amount and the infrastructure stipend that may be pledged for purposes of subsection (a) must be established by the department of education by rules promulgated pursuant to the Uniform Administrative Procedure Act, codified in title 4, chapter 5.

SECTION 82. Tennessee Code Annotated, Section 4-31-1007(b), is amended by deleting the subsection and substituting:

(b) In the event the local government unit fails to remit the amount set forth in the notice within thirty (30) days of the receipt of the notice, the commissioner of finance and administration shall, without further authorization, withhold such sum or part of such sum from the amount pledged pursuant to § 4-31-1005(g), for the benefit of the authority issuing bonds or notes for the purposes referred to in this part.

SECTION 83. Tennessee Code Annotated, Section 4-31-1007(c), is amended by deleting the subsection and substituting:

(c) In the event there are not sufficient funds pledged pursuant to § 4-31-1005(g) still held by the commissioner of finance and administration for the local education agency to cure the deficiency in repayments to the authority, the commissioner shall transfer to the authority funds equal to the amount of the remaining payment deficiency from the general shortfall reserve subaccount of the lottery for education account as

established by § 4-51-111, subject to any limitations on the use of the subaccount established pursuant to § 4-31-1004(a). The commissioner of education shall instruct the commissioner of finance and administration to withhold from any funds allocated to such local education agency in the future that are eligible to be pledged pursuant to § 4-31-1005(g) an amount to replenish the general shortfall reserve subaccount of the lottery for education account equal to the amount transferred to the authority.

SECTION 84. Tennessee Code Annotated, Section 4-31-1101(a), is amended by deleting subdivision (3) and adding the following as new subdivisions:

() "Tennessee investment in student achievement formula" or "TISA" has the same meaning as defined in § 49-3-104;

() "Local education agency" or "LEA" has the same meaning as defined in § 49-3-104;

SECTION 85. Tennessee Code Annotated, Section 4-31-1101(b), is amended by deleting "BEP" and substituting "TISA".

SECTION 86. Tennessee Code Annotated, Section 4-31-1103(b), is amended by deleting "§ 49-3-101(b)" and substituting "§ 49-3-102(b)".

SECTION 87. Tennessee Code Annotated, Section 5-9-404(c), is amended by deleting "BEP" and substituting "TISA".

SECTION 88. Tennessee Code Annotated, Section 5-12-109(c), is amended by deleting "BEP" and substituting "TISA".

SECTION 89. Tennessee Code Annotated, Section 5-12-210(b), is amended by deleting "BEP" and substituting "TISA".

SECTION 90. Tennessee Code Annotated, Section 5-21-111(i), is amended by deleting "BEP" and substituting "TISA".

SECTION 91. Tennessee Code Annotated, Section 8-27-301(b)(3), is amended by deleting "§ 49-3-302" and substituting "§ 49-3-104".

SECTION 92. Tennessee Code Annotated, Section 8-34-206(b)(1)(D), is amended by deleting the language "Tennessee foundation program, the basic education program (BEP)" and substituting "Tennessee investment in student achievement formula (TISA)".

SECTION 93. Tennessee Code Annotated, Section 8-37-402(a)(2), is amended by deleting the language "basic education program" and substituting "Tennessee investment in student achievement formula (TISA)".

SECTION 94. Tennessee Code Annotated, Section 8-38-116, is amended by deleting the language "basic education program" and substituting "Tennessee investment in student achievement formula (TISA)".

SECTION 95. Tennessee Code Annotated, Section 8-50-702(a)(1), is amended by deleting "§ 49-3-302" and substituting "§ 49-3-104".

SECTION 96. Tennessee Code Annotated, Section 9-4-5115(a), is amended by deleting the language "Basic Education Program (BEP) formula" and substituting "Tennessee investment in student achievement formula (TISA)".

SECTION 97. Tennessee Code Annotated, Section 12-10-115(c)(3), is amended by deleting "a portion of the nonclassroom component of the basic education program funding generated for capital outlay purposes" and substituting "a portion of the Tennessee investment in student achievement formula (TISA) base funding amount and a portion of an infrastructure stipend allocated pursuant to § 49-3-107, subject to the maximum limits established pursuant to § 4-31-1005(g)(2)".

SECTION 98. Tennessee Code Annotated, Section 37-5-119(h), is amended by deleting "basic education program (BEP)" and substituting "Tennessee investment in student achievement formula (TISA)".

SECTION 99. Tennessee Code Annotated, Section 37-5-131(c)(1), is amended by deleting "BEP funding" and substituting "Tennessee investment in student achievement formula (TISA) funding".

SECTION 100. The headings to sections in this act are for reference purposes only and do not constitute a part of the law enacted by this act. The Tennessee Code Commission is requested to include the headings in a compilation or publication containing this act.

SECTION 101. For purposes of promulgating rules, establishing and evaluating the fiscal capacity calculation, determining fiscal capacities, determining equalization values, determining local contributions, creating and publishing the TISA guide, creating or procuring a professional development series on the TISA, and producing accountability reports for the 2023-2024 school year, this act takes effect upon becoming a law, the public welfare requiring it. For all other purposes, this act takes effect July 1, 2023, the public welfare requiring it.