



After the Policy Win

*First-Year Implementation of Tennessee's
New School Funding Formula*

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Introduction

In May 2022, Tennessee overhauled its education funding formula. The Tennessee Investment in Student Achievement (TISA) Act was designed to simplify the state's complex education funding system and more equitably allocate resources to school districts and charter schools. Lawmakers believed a new funding formula would help improve academic outcomes for the state's 1 million students, especially low-income students, English learners (ELs), and students with unique learning needs. At the time of TISA's passage, lawmakers also agreed to invest \$1 billion in additional funding in Tennessee schools.

The TISA origin story is discussed in Bellwether's 2023 case study, [From Antiquated to Equitable](#). That analysis explains how the law's passage was facilitated by a collaborative effort among bipartisan political leaders, advocates, and stakeholders who aligned on the goal of replacing the old Basic Education Program (BEP) with a system that was more adequate, equitable, and transparent. This second case study picks up where the first one left off and describes TISA's first year of implementation.

"Implementation" refers to the many activities necessary to translate legislative intent into practical, on-the-ground application. This case study, therefore, explores how state education leaders, district and charter school leaders, and other partners are putting the new funding law into practice in Tennessee.

This case study details how, in the first year of TISA's implementation, statewide leaders have developed extensive rules, explained the law to district leaders and stakeholders, and made the data and analysis shifts necessary to calculate the new funding amounts and distribute funds to school districts and charter schools. At the same time, some district and school leaders have voiced concerns over incomplete, insufficient, or delayed communication, which has created challenges for districts and charter schools as they have sought to adjust their budgeting and planning practices. These and other administrators would benefit from deeper and ongoing capacity-building opportunities, and all stakeholders would benefit from more clarity on how they will be held accountable. Finally, state leaders can better articulate what processes they will use to monitor and continuously improve the new law.

TISA is still very new. Tennessee has time to strengthen implementation and address these challenges. This case study documents progress to date, identifies opportunities for further action and communication, and documents what the path from policy to practice can look like for leaders in other states interested in K-12 funding reforms.

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Relationship Between Laws And Regulations

Laws are statutes written by legislative bodies that establish the foundational legal principles and directives for a policy. Rules and regulations interpret and give details on how entities or individuals must comply with the law. Developed by administrative agencies, rules and regulations define how laws will be enforced and implemented. To adopt a regulation, an agency usually drafts the rule, publishes it in governmental journals intended to give public notice, holds hearings, and then adopts a final, revised regulation.¹

Methodology

This case study is informed by a review of approved rules, guides, and publications from the Tennessee Department of Education (TDOE), publications from researchers and advocacy organizations, and records of public commentary, hearings, committee meetings, working groups, and office hours. It is also based on insights gathered through interviews with a wide range of Tennessee policymakers, advocates, State Board of Education (SBE) staff, district and charter leaders, researchers, and other statewide education experts. Quotations in this case study are anonymized so that interviewees would be candid during conversations, but in the interest of transparency, the organizational affiliations of all interviewees are listed at the end of this case study (Disclosure).

Lessons From the First Year of TISA

The policymaking process on any issue typically consists of four distinct phases: 1) setting an agenda, 2) policy formulation and decision-making, 3) implementation, and 4) evaluation.² The policy process is cyclical: During the evaluation phase, stakeholders identify ways to improve the policy, which can lead into a new round of agenda-setting and policy development.

This case study focuses on Tennessee's transition from the TISA policy formulation and decision-making phase to the implementation phase. It also looks at how the state is laying the groundwork for future evaluation and improvement of the law.

Each stakeholder's perception of what it takes to turn a school finance law into practice — and what the state and other stakeholders are responsible for — is shaped by their role, authority, and expectations, and the state's political context and its implicit or explicit values. **Five phases of implementation should guide any state as it moves from education finance policy reform to practice:**

- 1. Formal Rulemaking:** The structured process of creating and implementing regulations through established procedures and standards.
- 2. Changes to Data and Reporting Systems:** Modifications in methods of data collection, fiscal calculations, and apportionments.
- 3. Capacity-Building for Local Educational Agencies (LEAs):** Providing information, training, and other targeted assistance to LEAs to support their budgeting and planning processes under the new law.
- 4. Accountability and Oversight:** Mechanisms to ensure adherence to the objectives of the law through monitoring and evaluation.
- 5. Continuous Improvement Efforts:** Efforts to monitor the ongoing success of the law, including potential modifications to legislation, rules, or guidelines.

When it comes to TISA, the state's activities have been more pronounced in some of these implementation areas than others. This is, in part, a function of what the state has had to prioritize. State leaders engaged in rulemaking to clarify how the law would work, and then had to get money flowing according to the new funding formula. It is also a matter of what the state has chosen to prioritize and how much capacity it has had to support implementation. In summer 2022, Tennessee appointed a new commissioner of education, a transition that came at a critical time during TISA implementation.³ For these reasons and others, there is plenty left to do. It will take the state more time to attend to school and district capacity-building, accountability, and continuous improvement efforts. These remain critical components of implementation and will be necessary if the state is to ensure TISA truly improves the way resources are allocated and used to support students with the greatest needs.

Formal Rulemaking

Key State Activities: TISA Implementation Year One

- Established advisory groups to gather stakeholder perspectives.
 - Released draft rules.
 - Held public comment period on proposed rules.
 - Held SBE workshop on proposed rules.
 - Held public rulemaking hearing.
 - Held SBE special hearing on draft rule recommendations.
 - Held formal legislative rulemaking process and voted on final rules.⁴
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Rulemaking is often an essential part of the post-legislative process.⁵ In crafting rules, state leaders translate broad mandates into detailed administrative regulations and procedures. With TISA, this rulemaking process played a particularly substantial role and was the first step in implementation — one that received a lot of attention from stakeholders.

TISA allowed for just over one year between passage of the law and disbursement of funds under the new formula. The law mandated the shift to student-based funding and outlined funding parameters, but it left many details and funding amounts to future decision-making.⁶ This approach made the legislation more flexible and kept attention on key principles of TISA. By defining details in rule, which is easier to change than law, lawmakers left the door open to address unintended consequences and make updates

to TISA based on feedback. At the same time, it made for a lengthy rulemaking process and added pressure to get the rulemaking right — or as close to it as possible — to ensure TISA's practicality in real-world settings across the state.

TDOE leaders engaged stakeholders, including several advisory groups, during the rulemaking process. When TDOE released its proposed rules on June 6, 2022, it also opened a public comment period during which all Tennesseans were encouraged to share their thoughts.⁷ From June to August 2022, TDOE leaders actively solicited input, receiving more than 1,000 comments on the proposed rules.⁸ The feedback informed the final rules, which were approved by the Tennessee General Assembly's Joint Government Operations Committee in January 2023 and unanimously approved by the SBE.

The final rules are wide-ranging and decide these details, among others:

- The definition of the student groups assigned to each weight, including specific criteria for each of the 10 levels of Unique Learning Needs and definitions of the services and supports attached to each level.
- The direct allocation amounts, including establishing criteria for career and technical education (CTE) levels and allocations.
- The specific outcome goals, including the criteria and weight for each goal.
- Plans to collect and publicly report state- and district-level data.
- The proposed schedule for distributing state funds throughout the year.⁹

Policymakers, advocates, and practitioners were generally happy with the final set of rules. One advocate shared that, “TISA rulemaking brought a lot of success and a lot of collaboration. TISA is a huge bill and there were many definitions and further clarifications that needed to happen, and so many of those impacted equity. We felt there were opportunities for us and our partners to contribute.”



KEY LESSON FOR STATES

Think through the implications of each detail, and ask for input.

States need experts in the room who have a nuanced understanding of how seemingly minor decisions, definitions, or calculation methods can affect district and charter school funding. For example, the choice of how to define economically disadvantaged students (e.g., based on direct certification or on free and reduced-price meal eligibility) significantly affects student counts and funding levels. These decisions and their potential impact should be carefully considered and communicated during the policy development and rulemaking stages to avoid unintended consequences and to assist districts and charter schools in forecasting and planning.

Changes to Data and Reporting Systems

Key State Activities: TISA Implementation Year One

- Established Steering Committee to guide implementation and discuss related resources, training sessions, reporting, and student outcomes.
 - Launched new statewide data management platform, Tennessee Plans for Learning Success and Excellence (TN PULSE).
 - Published first TISA Guide.
 - Held training series on key elements of formula.
 - Calculated and distributed funding.
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Once the rules were adopted, Tennessee had just a few months to distribute funding under the new formula. During this time, TDOE had to calculate the new apportionments, which meant compiling district and charter school data on:

- Average daily membership.
- Concentrated poverty, size, and sparsity.
- Details of unique learning needs.
- CTE program participation and level.
- Tennessee Comprehensive Assessment Program (TCAP) and Postsecondary Readiness Assessment results (disaggregated for particular student groups).

These data were collected from district and charter school Education Information Systems (EIS).¹⁰ In most cases, this was data TDOE already had access to, but the department needed to review and analyze it in new ways to calculate each district's funding.

Because TISA funding calculations require more detailed data than the BEP did, and because there is now greater connection between reported data and funding allocations, districts have had to make changes to their data systems and reporting practices. Districts use different software providers for their information systems, and that data is synced with the state EIS. District leaders have had to make some changes to the way data is recorded so they can report it accurately in the EIS system. However, TDOE ultimately analyzes the data to determine which students receive the different levels of funding in the formula.

For example, student enrollment data uploaded to EIS must now include a "Number of Years of English Learner (EL) Services" field to support the calculation of EL funding, which some districts had to build into their own systems.¹¹ To ensure each student with unique learning needs generates the appropriate weighted funding, districts must also correctly record specific assessment information and service plan details. To support the collection of this data, the state developed and rolled out a new platform

called TN PULSE. This data tool replaces an old individualized education program (IEP) data system and expands its functionality. Now, a single platform will serve as the state's system of record for IEPs, 504 plans for students with disabilities, individual learning plans (ILPs) for ELs, and ILP-D plans for students with characteristics of dyslexia.

Adding another layer of complexity, student data must be reconciled with other state agency and assistance program data. TISA allocates weighted funding for economically disadvantaged students, primarily using a "direct certification" process to identify eligible students.¹² Under this process, school districts must reconcile and match state or local assistance program lists (Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families, and the Food Distribution Program on Indian Reservations) with student rosters to certify eligibility in the EIS.¹³ District and charter school leaders report that this process leaves significant room for error if a student's information is listed differently on their enrollment record than in assistance program rolls; they also note that requirements for families to frequently verify eligibility create barriers, especially for the most marginalized.

The state must combine all of this data with data it collects on student performance, sparsity, and other district characteristics to determine how much funding each district and charter school will receive.

To help districts and charter schools understand and adapt to these formula and data changes, the TISA statute requires TDOE to publish and annually update a comprehensive TISA Guide.¹⁴ The guide's primary purpose is to outline the department's procedures for administering TISA. The guide is an essential resource for stakeholders on how TISA works, detailing every



component of the funding formula, including the processes for data collection and formula calculation, while also providing answers to frequently asked questions. Importantly, it does not prescribe how districts or charter schools should use the funds they receive. This guide was augmented by a series of succinct, online training modules, each approximately 10-15 minutes in length, to further educate district and charter school leaders, particularly superintendents and chief business officials, on how TISA funding is calculated.¹⁵

In interviews, advocates and practitioners described the guide as thorough and instructive but noted its release in July 2023 left little time for districts, particularly small and rural districts with limited staff and resource capacity, to make significant shifts to their 2023-24 school year budgets, which were nearly final at that stage.

Charter school leaders also noted that it was sometimes unclear how guidance applied to them, and TDOE was not able to share answers to some key questions until spring 2023. One charter leader interviewed for this case study indicated that advocacy organizations played a critical role as intermediaries with TDOE, and another shared that she had to exchange multiple emails with TDOE staff members to gain clarity on specific provisions of the law.

TISA's more complex data and reporting requirements made budget forecasting more complicated for districts and charter schools in this first year. Small changes in enrollment, student needs, or student performance can create meaningful swings in funding. In response, districts and charter schools are updating their data management systems, providing training to staff, and revising internal processes to ensure that they both meet the new requirements of the law and accurately forecast their funding.



KEY LESSON FOR STATES

Build data systems and guidance aligned with the new funding formula.

In states that pass funding formulas based on student needs, state and district leaders must be prepared to update their data systems, an undertaking that may require significant time and resources. Gathering detailed, accurate data will be necessary both to distribute funding and to aid local school leaders in building and forecasting their budgets.

For stakeholders to fully understand and implement new funding formulas, states must also create clear, digestible documents that explain the details of the funding formula, how it will be calculated, and what data it requires. State leaders should ensure this guidance is specific enough to account for the unique situations of different types of LEAs, including charter schools.

Capacity-Building for LEAs

Key State Activities: TISA Implementation Year One

- Provided professional development for traditional public school districts and charter schools' finance teams on how TISA works.
- Offered virtual office hours.¹⁶

Tennessee state leaders provided guidance and training to district and charter school leaders on how TISA works and how it will affect each LEA's funding through the guide and modules described above, as required by statute. TDOE also held two "office hour" sessions over summer and fall 2023 to answer specific questions from district and charter school staff related to accountability reports.¹⁷

While this is a valuable start, districts and charter schools need ongoing training to fully understand the law and leverage new spending flexibility to achieve the improvements to student outcomes envisioned by TISA's authors. Under the old BEP system, funding was primarily allocating using teacher-to-student ratios, salary assumptions, and resource estimates that often served as de facto budgeting advice.¹⁸ For example, BEP used defined pupil-to-teacher ratios based on grade level, so a school with 300 students in grades 4-6 would receive funding intended to support 12 teacher positions for those grades.¹⁹ "By design, TISA does not have this kind of blueprint. Instead, it offers districts and charter schools the flexibility to spend resources according to student needs.

With new rules and new flexibility, however, come the need for additional support. In interviews, district and charter leaders said

they need more clear, timely, and responsive communication and professional development resources from the state. As one district leader interviewee said, "I would describe the guidance and professional development we have gotten as fine, but late. It feels like they are still building the plane as they are flying it, and there are still a lot of unanswered or unclear questions." Several stakeholders pointed to changes in department leadership as contributing to communication challenges and delays in providing explicit direction to practitioners, with one legislative staffer reporting that "the change in commissioners, in part, changed the flow of implementation, and obviously took some transition time."

District and charter school leaders could also benefit from deeper training — not just on how TISA works, but also on how it connects to local budgeting and planning processes. District leaders and staff who work on financial planning and reporting indicated that while the trainings on the funding formula were helpful, they "needed more specifics and needed them sooner." Another leader reflected that the trainings had "very little connection between the technical procedure and the broader 'why' or purpose."

TISA requires professional development to include “budget strategies to increase student achievement,” though this has not been deeply explored in professional development resources published to date.²⁰ District and charter leaders, not just in Tennessee but nationally, could benefit from additional support around how to strengthen budgeting as a tool for improving student outcomes.²¹ Advocates interviewed note they are fielding ad hoc requests for support from district and charter leaders and trying to provide some supplementary training and coaching on budgeting and planning practices.

The nonprofit organization TN SCORE, in an attempt to address this need, published a paper highlighting examples of how districts and charter schools can evaluate current budgeting practices and use research-backed best practices to leverage TISA to best serve students.²² As state leaders plan for additional training and professional development on TISA, there is a need for greater focus on this sort of strategic budgeting. There is also a need for attention to unique situations like those of charter and rural schools, and specific support tailored to their concerns.

Deeper, ongoing training could position district and charter leaders to be better spokespeople for TISA so they can fully explain it to their boards, staffs, and principals. Said one superintendent, “From my perspective, digging around and applying the formula to my specific context is the only way I’m going to really understand it and have the depth of knowledge to be able to train my principals on it. I’m not sure sitting in an informational seminar or reading slides is as effective, and I think we could really benefit from regional working sessions or something like that.”

Such trainings could also help district and charter school leaders understand how local decisions might affect future funding. For example, one district leader explained that he modeled out fiscal scenarios, using his district’s data, to answer questions like: *What would be the cost of losing 10 kids to a charter school next year? How can I optimize course offerings for my students to take advantage of the CTE incentive offered under TISA?* With additional professional development, other leaders could walk through similar applications of the formula and understand how changes to student demographics, enrollment, programming offerings, and outcomes could affect their funding.

This is important because although local leaders have flexibility around how to spend their funds, TISA incentivizes certain choices. The same district leader explained, “If I’m considering starting one of two CTE programs, and one generates \$4,000 per class while the other generates \$6,000 per class [based on CTE tiered funding under TISA], I’m likely to pick the second, even if there are other good reasons to pick the first.” Ideally, trainings could help district and charter leaders sort through these kinds of trade-offs while emphasizing the importance of choosing evidence-based practices and programs best aligned with local and state goals.

Complicating matters, state leaders do not want TISA to infringe upon local districts’ ability to spend education funds as they think best. A common phrase in state publications related to TISA, and which interview participants for this case study reiterated, was that, “TISA is a funding formula, not a spending plan.”

One state-level education leader said, “The legislature created the funding categories to address areas of need and concern, but then the districts don’t have an obligation to spend it that way. I think it’s going to take a while for district and school leaders to realize what changes are possible and what impacts changes can have.”

Still, one of TISA’s stated goals is to “provide each student with the resources needed to succeed, regardless of the student’s circumstances.”²³ To achieve that goal, district and charter leaders must be able to draw a through line between the additional resources they receive for high-need students and the programs and practices they offer to help meet the needs of those students.



KEY LESSON FOR STATES

Support and incentivize the adoption of student-centered budget and planning practices.

Student-based funding formulas such as TISA are designed to direct funds toward the populations with the greatest need, but districts and charter schools have the ultimate say in their spending. States should empower and incentivize LEAs to leverage the more flexible funds to support student needs and invest in practices that will improve student outcomes.

State leaders must also remember that changes to long-held data collection and reporting, budgeting, and planning practices take staff time, resources, and training. State leaders should ensure districts and charter schools have access to timely, responsive support as well as professional development on how to make these shifts.

Accountability and Oversight

Key State Activities: TISA Implementation Year One

- Required districts to prepare and submit first-year TISA accountability reports.
- Held public comment period on accountability reports.
- Began to design the public hearing process allowed under TISA based on school performance grades.

TISA's architects were interested not only in making the funding formula simpler and more equitable, but also in holding districts and charter schools accountable for student results. One way they did this was by including a weight in the funding formula that directs additional funding to districts and charter schools based on the number of students achieving specified goals. To ensure accountability more broadly, the law includes two major provisions: 1) annual "accountability reports" connecting spending with student outcomes, and 2) public hearings for schools that received D and F ratings, per the systems outlined in a 2016 school letter grade law, with potential for corrective action.

Accountability Reports

Beginning in the 2023-24 school year, all districts are required to submit a TISA accountability report to the TDOE that includes the following:

- A clear description of the district's objectives for student achievement, along with a strategy to ensure that a minimum of 70% of third-grade students meet or exceed the expected proficiency levels in English language arts (ELA) on the TCAP tests.
- A plan to enhance the district's third-grade ELA proficiency rates by 15% of the existing gap over the next three years.

- An explanation of how student achievement goals can be met within the district's budget.
- Starting in the 2024-25 school year, a description of how the previous year's budget and spending contributed to making progress toward these achievement goals.²⁴

Each district is required to present its accountability report to the public for feedback before submitting the report to the department, though it appears that in this first year, districts did not make substantial effort to solicit feedback and received few public comments. The report is also subject to an annual review by a Progress Review Board comprising the commissioner of education, SBE chair, and two members each appointed by speakers of the state Senate and House.²⁵ The board is responsible for establishing goals for student achievement and will assess if the district is adequately working toward them. Charter schools are not subject to the same process and, instead, the expectation is that the authorizer²⁶ will submit the report on behalf of all the students represented.²⁷

The accountability reports could be a valuable transparency tool, a means for LEAs to reflect on their investments, or a source of data the state or researchers could use to study how spending decisions relate to student outcomes. However, the usefulness of these accountability reports is

currently limited because they are incoherently sequenced with other district budgeting and strategic planning processes. The accountability reports, which must be submitted to TDOE in the fall of each year, come too late to influence the strategic plans and budgets that districts are required to develop and adopt in the spring. This timing mismatch contributes to stakeholders viewing these reports as “compliance documents” or “government forms.”

One remarked that “the way things are sequenced, it’s just checking a box, really. We have already planned for the year and it’s already underway, so the train has already left the station. The hope is that in the future they’ll at least try to mirror or combine the reports with the district plans so we aren’t being redundant and can create one document to serve both purposes.” Participants in this case study note that TDOE is aware of these challenges and is looking into how to address them in the future.

TIMELINE OF TENNESSEE SCHOOL DISTRICTS’ PLANNING, BUDGETING, AND ACCOUNTABILITY REPORT DEADLINES²⁸

Event Key

- Activities Required of District and/or Schools
- Administrative Approval Deadlines

- **Fall to Spring:** District budgeting process — Districts typically begin budgeting as early as the fall, but must have final budgets prepared no later than 45 days before July 1, per state law.
- **March:** District Plans due to TDOE — These plans, developed annually, describe improvement strategies to address the specific educational needs and goals of the district.
- **April:** TDOE deadline to approve District Plans.
- **May:** District Turnaround Plans due — These are required of districts with one or more schools with a priority or Comprehensive Support and Improvement designation. They are aligned to the overall district plan, but lay out specific strategies to address identified needs and improve achievement in underperforming schools.
- **May:** Consolidated Funding Applications due — Districts complete these documents to apply for a myriad of federal and state educational funds. They are tied to budgets districts develop in the fall through spring and require detailed budget information showing the planned spending of each grant.
- **June:** TDOE deadline to approve District Turnaround Plans.
- **July:** TDOE and SBE deadline to approve Consolidated Funding Applications.
- **September:** School Plans due in InformTN — School plans include information about activities and improvement strategies at the individual school level.
- **October:** LEA Team deadline to approve School Plans.
- **November:** TISA Accountability Reports due to TDOE.

Public Hearings for D- and F-Rated Schools

In 2016, Tennessee mandated an A-F letter grade rating system that evaluates public schools based on student achievement and growth data, aimed at providing a straightforward measure of school performance.²⁹ Implementation of this grading system faced delays due to testing issues and the COVID-19 pandemic.³⁰ When TISA legislation was passed, it included provisions that intersected with the existing framework and added another layer of accountability.³¹

TISA specifies that districts or charter authorizers with schools receiving failing grades (Ds or Fs) could be subject to public hearings before the SBE, resulting in mandated action plans or academic and fiscal audits.³² Tennessee is in the early stages of designing this public hearing process. Newly released A-F ratings show that 442 schools received D and F grades,³³ making their districts or authorizers eligible for the hearing process. It remains to be seen how those hearings and any eventual corrective actions will inform district and charter school budgeting or planning, including revisions or requirements related to how districts and charters use and report on their TISA funds.

A state-level education leader interviewed for this case study said that as details of the A-F policy and hearing process become clearer, state leaders could review or make linkages back to TISA-required accountability reports or audits of spending. Such documents, this individual said, could shed light on how districts and charter schools planned to spend their funds and what they hoped to accomplish, relative to where they ended up. These connections will be important, since stakeholders also report confusion about Tennessee's multiple accountability requirements and perceived lack of coherence across systems.



KEY LESSON FOR STATES

Streamline accountability processes and reporting to minimize administrative burden while enabling transparency and data-driven decision-making.

A school funding system represents a massive investment of public funds, and it is reasonable for policymakers to hold state and local education leaders accountable for using those funds effectively to achieve results. However, states should ensure that the accountability measures accompanying new finance policies align with existing school reporting requirements. Given that schools already manage numerous reporting and planning requirements, it is vital that states design new accountability processes that consolidate efforts, avoid duplicative work, and build coherence. Timed correctly, reports can offer important points of reflection, build public transparency, and help inform budgeting and planning for the coming year(s).

It is vital that policymakers engage with the school personnel responsible for these tasks, such as those in strategic planning and finance roles, when developing accountability requirements. Their insights can shape a reporting system that is both practical and useful, and that supports schools to work toward their educational goals without draining resources on redundant planning and documentation.

Continuous Improvement Efforts

Key State Activities: TISA Implementation Year One and Beyond

- Publish annual TISA report.
 - Establish review committee to conduct regular evaluation of components of TISA and provide annual recommendations.³⁴
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State leaders and practitioners acknowledge that it will take several years to see the full impact of TISA on school- and district-level practices and student outcomes. All stakeholders that participated in this analysis expressed some degree of optimism that, in the coming years, challenges and pain points could be resolved through stronger collaboration and communication between TDOE and the LEAs. Currently, there is little political appetite for altering the legislation or its rules. A legislative staffer interviewed for this case study said that "the [state Senate] Education Committee is not anticipating any immediate change legislatively, and we may see things come up that need to be taken up in the future, but it's important to allow TISA to play out over a few years first." Instead, continuous improvement will likely focus on refining guidance and practices rather than legislative changes.

The TISA legislation includes several monitoring and continuous improvement measures. TDOE is responsible for generating an annual TISA report, which will synthesize information provided in districts' annual accountability reports and feedback about TISA from LEAs and experts.³⁵ The Comptroller's Office of Research and Education Accountability is required to

conduct a review and determine the effectiveness of K-12 state expenditures under TISA, and it is set to deliver the report to the Tennessee General Assembly by the end of 2024.³⁶ A TISA Review Committee will be established by 2026 and will operate on an ongoing basis, comprising various stakeholders such as state education and legislative leaders and representatives of specific practitioner groups, including at least one teacher, school board member, director of schools, and district finance director, among others.³⁷ The committee will be charged with regularly reviewing components of TISA such as base funding, weights, direct funding, and outcomes funding and producing an annual report that recommends any needed adjustments.³⁸

To better understand how TISA is making change broadly, TDOE could also analyze how funds are allocated toward programs and strategies aimed at achieving the desired student outcomes and how spending trends continue to evolve as districts and charter schools adapt to the flexibility provided by TISA. One researcher interviewed pointed to this as an area of interest and potential place for the state to partner with the academic community.

Stakeholders interviewed for this case study expressed a desire to continue to be involved in and provide input on TISA implementation and future improvements to the legislation. Participants in the research community also expressed an interest in working with the state to study implementation. The voices of families, educators, researchers, and advocates were critical in the formation of TISA and in rulemaking. There should be continued and ongoing opportunities for these groups to weigh in (e.g., through the public comment process on accountability reports or future membership on the TISA Review Committee). In keeping with TISA's goals of equity and inclusion, there may be other opportunities to reengage these voices as implementation continues.



KEY LESSON FOR STATES

Establish mechanisms for monitoring and evaluating whether funding policy is meeting its intended goals, and leverage stakeholder input to course correct.

States should adopt a process for monitoring the implementation and impacts of a new funding policy. As part of this, they may wish to establish a bipartisan and stakeholder-diverse committee to examine how legislation, rules, and state guidance are working together to meet state goals for improving equity and student outcomes.

States should also create formal channels to gather and incorporate feedback from a wide range of stakeholders, including students, educators, school administrators, researchers, and families. Equally important, there should be a clear pathway for integrating this information into policy revisions.

Conclusion

TISA heralds a significant shift in Tennessee's educational funding landscape. It has the potential to enhance outcomes for all students, particularly those with the greatest needs. On a relatively short timeline, Tennessee rolled out the new funding formula and produced resources to implement TISA across the state. However, more work must be done to ensure that the newfound flexibility and equity in resources lead to substantial changes at the school level. Effective TISA implementation requires addressing challenges in communication, capacity-building, accountability, and data systems while capitalizing on the opportunities these changes present.

Leaders in other states can look to Tennessee's journey as one example of how to translate education finance policy into practice, learning from both its strengths and ongoing hurdles. TISA's implementation is ongoing, and each state's context will determine the specific activities and timeline, so it cannot serve as an exact road map. Still, state leaders beginning to implement new funding formulas can gather insights from Tennessee's experience and the reflections of stakeholders there. The five implementation phases are a blueprint for achieving greater education funding equity in states across the country. ✨

Five Implementation Phases and Key Lessons For States

- 1. Formal Rulemaking:** *Consider the implications of each detail, and ask for input.* Ensure expert involvement in policy development to comprehend and navigate the complexities of funding decisions and their impacts on district and charter school financing.
- 2. Changes to Data and Reporting Systems:** *Build data systems and guidance aligned with a new funding formula.* Update state and district data systems to reflect a new funding formula, providing clear and detailed guidance for stakeholders.
- 3. Capacity-Building for LEAs:** *Incentivize the adoption of student-centered budget and planning practices.* Encourage districts and LEAs to adopt student-centered financial planning to improve outcomes, using flexible funding to address the needs of the most disadvantaged students.
- 4. Accountability and Oversight:** *Streamline accountability processes and reporting to minimize the administrative burden while enabling transparency and data-driven decision-making.* Align new financial policies with existing reporting requirements to reduce redundancy and ensure a reporting system that is both practical and useful.
- 5. Continuous Improvement Efforts:** *Establish mechanisms for monitoring and evaluating whether funding policy is meeting its intended goals, and leverage stakeholder input to course correct.* Create annual monitoring processes with diverse stakeholder input to ensure funding policies meet their equity and improvement goals.

Endnotes

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About Bellwether

Bellwether is a national nonprofit that exists to transform education to ensure systemically marginalized young people achieve outcomes that lead to fulfilling lives and flourishing communities. Founded in 2010, we work hand in hand with education leaders and organizations to accelerate their impact, inform and influence policy and program design, and share what we learn along the way. For more, visit bellwether.org.

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DISCLOSURE

Bellwether works with organizations and leaders who share our viewpoint-diverse commitment to improving education and advancing equity for all young people — regardless of identity, circumstance, or background. As part of our commitment to transparency, a list of Bellwether clients and funders since our founding in 2010 is publicly available on our website. An organization's name appearing on our list of clients and funders does not imply any endorsement of or by Bellwether.

Separate from the creation of this case study, Bellwether is providing advice and assistance to the TDOE related to the performance-based public hearing process allowed under TISA. Bellwether also served as a technical adviser to the TDOE in 2022, providing data modeling support to the department during legislative deliberations that led to TISA. In addition, staff from two organizations with whom we spoke for this case study have participated in school finance modeling training Bellwether offered in 2021 (Tennessee SCORE and The Education Trust-Tennessee).



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