

HB 226 - SB 637

FISCAL NOTE



Fiscal Review Committee
Tennessee General Assembly

February 7, 2025

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SUMMARY OF BILL: Establishes a weighted allocation of three percent for a student who resides in a local education agency (LEA) with a membership between 1,001 and 1,250, both inclusive, for purposes of the Tennessee Investment in Student Achievement (TISA) funding formula.

FISCAL IMPACT:

STATE GOVERNMENT	
EXPENDITURES	TISA
FY25-26	\$684,500
FY26-27	\$705,900
FY27-28 & Subsequent Years	>\$705,900

LOCAL GOVERNMENT	
REVENUE	Mandatory
FY25-26	\$684,500
FY26-27	\$705,900
FY27-28 & Subsequent Years	>\$705,900

Assumptions:

- The TISA is a student-based funding formula that generates education funding for LEAs across the state. The funding formula was first implemented in FY23-24.
- The TISA base funding amount is \$7,075 for the 2024-25 school year.
- Based on growth in the TISA base over the first two years of implementation, it is estimated that the TISA base funding amount will increase each year by an average of 3.13 percent.
- Pursuant to Tenn. Code Ann. § 49-3-105(a), each student generates a funding allocation that includes the base funding amount and any additional weighted and direct allocations for which the individual student meets the required criteria.
- The proposed legislation creates a weighted allocation of three percent for a student who resides in an LEA with a membership between 1,001 and 1,250.
- Based on the FY24-25 average daily membership data, the following LEAs would qualify for the three percent weighted allocation per student: Fayetteville, McKenzie, Houston County and Perry County.
- The state share of the weights in TISA is 70 percent and the local share is 30 percent.

- The increase in TISA funding as a result of the proposed three percent weighted allocation for a student who resides in an LEA with a membership between 1,001 and 1,250 is as follows:

FY25-26					
	Fayetteville	McKenzie	Houston Co.	Perry Co.	Total
Increase	\$221,401	\$269,279	\$261,075	\$226,168	\$977,923
Local Share	\$66,420	\$80,784	\$78,323	\$67,850	\$293,377
State Share	\$154,981	\$188,495	\$182,753	\$158,318	\$684,546

FY26-27					
	Fayetteville	McKenzie	Houston Co.	Perry Co.	Total
Increase	\$228,319	\$277,694	\$269,234	\$233,236	\$1,008,483
Local Share	\$68,496	\$83,308	\$80,770	\$69,971	\$302,545
State Share	\$159,823	\$194,386	\$188,464	\$163,265	\$705,938

- All of the impacted LEAs contribute local funds in excess of the minimum required local match, and the increased local match requirements mandated by this legislation will not exceed such local contributions. Therefore, these LEAs will not be required to increase local funding amounts.
- The increase in state TISA expenditures and corresponding increase in local revenue is estimated to be \$684,546 in FY25-26, \$705,938 in FY26-27, and to exceed \$705,938 in FY27-28 and subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Bojan Savic, Executive Director