



February 19, 2024

**SUMMARY OF BILL:** Adds pre-kindergarten (pre-K) students with special needs and peer models to the categories of students that generate funding for education through the Tennessee Investment in Student Achievement (TISA) formula.

**FISCAL IMPACT:**

**Increase State Expenditures – \$148,973,100/FY24-25  
\$157,054,900/FY25-26  
Exceeds \$157,054,900/FY26-27 and Subsequent Years**

**Other Fiscal Impact – Expanding the number of grade-levels of students funded through the TISA formula by adding special education pre-K students and their peer models will increase the TISA base and weights by an estimated \$361,431,600 in FY24-25 and \$372,977,000 in FY25-26, of which the required local share is 30 percent.**

**LEAs that contribute in excess of the required local match requirements may already be providing sufficient funding to cover the proposed increases to the local match requirements. Therefore, those LEAs would not be required to increase local contributions.**

**LEAs with VPK classrooms contribute a local share ranging from 6.04 percent to 57.89 percent which will be redirected to the TISA beginning in FY24-25. However, due to incomplete data on the funding amounts and sources for students attending non-VPK pre-school programs, the amount of funding that would be redirected to the TISA and the precise, mandatory local share cannot be reasonably determined. \***

Assumptions:

- TISA is a student-based funding formula established as the system for funding education for kindergarten through grade twelve public schools.
- The proposed legislation expands the number of grade-levels of students funded through the TISA formula by adding special education pre-K students and their peer models.
- Special education pre-K students are educated in special education classrooms funded partially through federal funds under the *Individuals with Disabilities Education Act*

(IDEA) and a state-funded pre-school grant, as well as Voluntary Pre-Kindergarten classes (VPK).

- There are currently 10,449 students aged three to five (3-5) years old who are not enrolled in kindergarten that have an Individualized Education Program (IEP) and are being served by a local education agency (LEA) or public charter school.
- There are currently 37,920 students aged 3-5 who are not enrolled in kindergarten that are being served by an LEA or public charter school and meet the definition of a peer model.
- It is estimated that 48,369 (10,449 + 37,920) students will be added to the TISA funding formula in FY24-25.
- For the 2024-25 school year, the TISA base funding amount is estimated to be \$7,075.
- Based on historical education funding data for Tennessee, it is estimated that the TISA base funding amount and the average TISA payment will increase each year by an average of 3.2 percent.
- The increase to the TISA base funding amount is estimated to be \$7,301 ( $\$7,075 \times 1.032$ ) in FY25-26 and exceed \$7,301 in FY26-27 and subsequent years.
- The increase to the TISA base funding is estimated to be \$342,210,675 ( $\$7,075 \times 48,369$ ) in FY24-25 and \$353,142,069 ( $\$7,301 \times 48,369$ ) in FY25-26.
- Students with a unique learning need generate additional funds through the TISA. Each unique learning need is assigned a progressive percentage weight from 15 percent to 150 percent.
- Based on FY23-24 data, kindergarten and first grade students with unique learning needs generate an additional 26 percent of the base amount.
- The additional increase to TISA from the funding weights is estimated to be \$19,220,936 ( $\$7,075 \times 10,449 \times .26$ ) in FY24-25 and \$19,834,919 ( $\$7,301 \times 10,449 \times .26$ ) in FY25-26.
- The increase to the TISA base and weights is estimated to be \$361,431,611 ( $\$342,210,675 + \$19,220,936$ ) in FY24-25 and \$372,976,988 ( $\$353,142,069 + \$19,834,919$ ) in FY25-26.
- The state funds 70 percent of the TISA base and weights; therefore, the state share of the increase to the TISA is estimated to be \$253,002,128 ( $\$361,431,611 \times .70$ ) in FY24-25 and \$261,083,892 ( $\$372,976,988 \times .70$ ) in FY25-26.
- It is assumed that VPK and state special education funding would be transferred to the TISA following passage of the proposed legislation.
- Based on current funding levels, it is estimated that \$86,029,000 in VPK funding and \$18,000,000 in special education preschool funding will be transferred to the TISA in FY24-25 and subsequent years.
- The net increase to state expenditures is estimated to be \$148,973,128 ( $\$253,002,128 - \$86,029,000 - \$18,000,000$ ) in FY24-25; \$157,054,892 ( $\$261,083,892 - \$86,029,000 - \$18,000,000$ ) in FY25-26; and exceeding \$157,054,892 in FY26-27 and subsequent years.
- The local share of the TISA is 30 percent. The increase in local expenditures is estimated to be \$108,429,483 ( $\$361,431,611 \times .30$ ) in FY24-25; \$111,893,096 ( $\$372,976,988 \times .30$ ) in FY25-26; and exceeding \$111,893,096 in FY26-27 and subsequent years.

- Most LEAs contribute local funds in excess of the minimum required local match and the increased local match requirements mandated by this legislation may not exceed such current local contributions for some LEAs. Therefore, those LEAs would not be required to increase local funding amounts.
- There is a required local contribution to the VPK grant; therefore, that portion of local funding would be directed towards the higher local contribution to TISA.
- The local contribution to VPK is estimated to range from 6.04 percent to 57.89 percent across LEAs in FY24-25.
- The students included in the proposed legislation include students attending a variety of pre-kindergarten programs supported through different funding mechanisms. For those students not attending VPK, the DOE does not have complete data on funding sources or amounts. Therefore, the amount of funding that will be transferred to the TISA from non-VPK students is unknown and the precise mandatory increase in local expenditures beginning in FY24-25 cannot reasonably be determined.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

## **CERTIFICATION:**

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



Krista Lee Carsner, Executive Director

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