

**RULES
OF
THE TENNESSEE DEPARTMENT OF EDUCATION**

**CHAPTER 0520-12-05
TENNESSEE INVESTMENT IN STUDENT ACHIEVEMENT (TISA)**

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0520-12-05-.01 INTRODUCTION TO TISA.

- (1) In accordance with Tennessee Code Annotated, Title 49, Chapter 3, Part 1, and these rules, beginning with the 2023-2024 school year, the Department of Education shall implement the Student-based funding formula known as the Tennessee Investment in Student Achievement (TISA) formula as the system for funding education for kindergarten through grade twelve (K-12) public schools.
- (2) As part of TISA, each Student generates a funding allocation that includes the following:
 - (a) The Base Funding Amount that each Student generates towards the Student's funding allocation in a given year;
 - (b) Weighted Allocations for which the individual Student satisfies the criteria established in T.C.A. § 49-3-105(b) and Rule 0520-12-05-.04; and
 - (c) Direct Allocations for which the individual Student satisfies the criteria established in T.C.A. § 49-3-105(c) and Rule 0520-12-05-.05.

Authority: T.C.A. §§ 49-3-103(b) and (c), 49-3-105, and 49-3-115. **Administrative History:** New rules filed November 17, 2022; effective February 15, 2023.

0520-12-05-.02 CHAPTER DEFINITIONS.

- (1) "Ancillary Special Education Direct Services" (ULN 8) means Special Education Direct Services provided in a general or special education setting that are deemed by the IEP team to be the Student's Least Restrictive Environment, as required by state and federal law, by an ancillary person, including but not limited to, an interpreter, instructional assistant, or attendant for a minimum of four (4) hours per day.
- (2) "Authorizing Entity" means a local board of education, the Tennessee Public Charter School Commission, or the Achievement School District authorized to make decisions regarding approval, renewal, and revocation of a public charter school application or agreement.
- (3) "Average Daily Membership" or "ADM," pursuant to T.C.A. § 49-3-104(1), means the sum of the total number of days a Student is enrolled divided by the number of days school is in session during this period.

(Rule 0520-12-05-.02, continued)

- (4) “Base Funding Amount,” pursuant to T.C.A. § 49-3-104(2), means the uniform dollar amount that each Student generates towards the Student’s TISA funding allocation in a given year.
- (5) “Baseline Funding Amount,” pursuant to T.C.A. § 49-3-104(3), means:
 - (a) The basic education program allocations an LEA received in the 2022-2023 school year;
 - (b) The coordinated school health grant allocations an LEA received in the 2022-2023 school year;
 - (c) The family resource center grant allocations an LEA received from the Department in the 2022-2023 school year; and
 - (d) The school safety grant allocations an LEA received in the 2022-2023 school year.
- (6) “Career and Technical Program,” pursuant to T.C.A. § 49-3-104(4), 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, beginning with all aspects of an industry or career cluster and leading to more occupation-specific instruction, including early postsecondary instruction;
 - (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 Rule 0520-12-05-.05, based on the additional resources required to support the program and the Wage-Earning Potential for Students participating in the program.
- (7) “Characteristics of Dyslexia” (ULN 2) means reading challenges that are identified when a Student is:
 - (a) Identified by the composite score of the universal reading screener and/or the Early Warning System (in grades 9-12 only); and
 - (b) Demonstrates deficiencies in fifty percent (50%) or more of the grade appropriate subtests of skills which support the goal of reading proficiently as identified by the Department’s Minimum Universal Reading Screening Matrix.
- (8) “Commissioner,” pursuant to T.C.A. § 49-3-104(5), means the commissioner of education.
- (9) “Concentrated Poverty,” pursuant to T.C.A. § 49-3-104(6), means that a Student is a member in a school that is eligible for Title I schoolwide designation.
- (10) “Consultation” means services provided by licensed staff to licensed staff, with minimal special education and Related Services (if any) provided directly to the Student. Consultation may include but is not limited to: discussion on the implementation of the current Individualized Education Program (IEP); review of current accommodations and progress on goals;

(Rule 0520-12-05-.02, continued)

implementation of behavior intervention plan (BIP) and/or behavior data; and/or collaboration to revise and develop future IEPs and BIPs.

- (11) "Department," pursuant to T.C.A. § 49-3-104(7), means the department of education.
- (12) "Direct Allocation," pursuant to T.C.A. § 49-3-104(8), means an allocation in addition to the Base Funding Amount for a Student expressed as a flat dollar amount.
- (13) "Direct ESL Services" means English as a Second Language (ESL) services designed for speakers of other languages and provided pursuant to an ILP by a teacher with an ESL endorsement to EL Students.
- (14) "Dyslexia" means a specific learning disability as defined in State Board Special Education Rules Chapter 0520-01-09, that is neurobiological in origin. It is characterized by difficulties with accurate and/or fluent word recognition and by poor spelling and decoding abilities. These difficulties typically result from a deficit in the phonological component of language that is often unexpected in relation to other cognitive abilities and the provision of effective classroom instruction. Secondary consequences may include problems in reading comprehension and reduced reading experience that can impede growth of vocabulary and background knowledge.
- (15) "Early Post-Secondary Opportunities" or "EPSOs," for the purposes of 0520-12-05-.06, are opportunities for students to earn postsecondary credit(s) or clock hours while in high school and include Advanced Placement (AP), Cambridge International Examinations (CIE), College Level Examination Program (CLEP), Dual Enrollment (DE), International Baccalaureate (IB), Local Dual Credit (LDC), Statewide Dual Credit (SDC), and department-promoted industry credentials (IC).
- (16) "Early Warning System" means a tool that allows school-level teams to manage attendance, behavior, and academic performance indicators that may impact academic performance and/or indicate other risk factors for high school Students.
- (17) "Economically Disadvantaged," pursuant to T.C.A. § 49-3-104(10), 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. §§ 1751-1766 and 42 U.S.C. 1769.
- (18) "Education Information System" means the reporting system(s) used by the state which contains data about Students and other data provided by Local Education Agencies, public charter schools, and other state applications as required by T.C.A. § 49-1-209.
- (19) "English Learner" or "EL" means an NELB Student who qualifies for ESL services via a Department-approved English Language Proficiency screener.
- (20) "English Learner Tier I" (ULN 2) means an EL Student meeting one (1) of the following criteria:
 - (a) Transition supports, as outlined in the Student's ILP pursuant to State Board of Education Rules, Chapter 0520-01-19, for transitional English Learners who have met the exit criteria for the ESL program, in accordance with the State Board of Education Rules Chapter 0520-01-19, and are in year one (1) or two (2) after exiting;
 - (b) Indirect ESL services in accordance with State Board of Education Rules 0520-01-19, whose parent(s) or legal guardian(s) have waived Direct ESL Services; or
 - (c) ESL services for Long-Term English Learners.

(Rule 0520-12-05-.02, continued)

- (21) "English Learner Tier II" (ULN 4) means an EL Student who receives Direct ESL Services and academic and career-readiness supports that provide access to classroom instruction for English Learners, as outlined in the Student's ILP pursuant to State Board of Education Rules, Chapter 0520-01-19, and who does not meet the definition of English Learner Tier I or English Learner Tier III.
- (22) "English Learner Tier III" (ULN 5) means an EL Student who receives Direct ESL Services specific to language-focused supports for English Learners, as outlined in the Student's ILP pursuant to State Board of Education Rules, Chapter 0520-01-19, based on a WIDA overall proficiency level of three (3) or lower and for a maximum of three (3) years.
- (23) "EPSO Credit" means the completion of an Early Post-Secondary Opportunity that results in either postsecondary credit(s) or clock hours, a passing score on approved exams, or a Tier II or Tier III industry credential as identified by the Department.
- (24) "Existing Educator," pursuant to T.C.A. § 49-3-104(11), means an individual who is evaluated pursuant to § 49-1-302(d)(2) and who provides direct service to Students at school sites.
- (25) "Fiscal Capacity," pursuant to T.C.A. § 49-3-104(12), means the percentage of the Local Share that a county must contribute.
- (26) "Fiscal Capacity Calculation," pursuant to T.C.A. § 49-3-104(13), means the formula evaluated by the Comptroller of the Treasury and approved by the State Board that determines Fiscal Capacity as the average of the Fiscal Capacity estimates generated by the formula established by the Boyd Center for Business and Economic Research (CBER) at the University of Tennessee and the formula established by the Tennessee Advisory Commission on Intergovernmental Relations (TACIR).
- (27) "High-Support Special Education Direct Services" (ULN 7) means Special Education Direct Services and/or Related Services provided in the general or special education setting deemed by the IEP team to be the Student's Least Restrictive Environment, as required by state and federal law, by certified or non-certified staff totaling more than or equal to fourteen (14), but less than twenty-three (23) hours per week. Eligible Related Services include psychological, school social work, speech/language, school health counseling, vision, hearing, orientation and mobility services, occupational and physical therapy. Recreational therapy and other Related Services are excluded.
- (28) "Indirect ESL Services" means ESL services that provide linguistically and academically appropriate accommodations and scaffolding pursuant to an ILP that are:
 - (a) Provided as a result of parent(s) or guardian(s) waiving Direct ESL Services;
 - (b) Provided by a general education teacher in the general education classroom; and
 - (c) Designed to ensure EL Students have access to daily grade level instruction in English.
- (29) "Individualized Learning Plan" or "ILP" means a document developed pursuant to State Board of Education Rules, Chapter 0520-01-19 that prescribes the academic goals, supports, and/or accommodations that an EL student needs to access classroom instruction.
- (30) "Individualized Learning Plan - Dyslexia" or "ILP-D" means a document developed by the LEA or public charter school for Students with Characteristics of Dyslexia in accordance with T.C.A. § 49-1-229 and State Board of Education Rules, Chapter 0520-01-22, that prescribes the academic goals, supports, and/or accommodations that a Student may need to access classroom instruction, in addition to exit criteria.

(Rule 0520-12-05-.02, continued)

- (31) "Least Restrictive Environment" pursuant to 20 U.S.C. 1412(a)(5), means to the maximum extent appropriate, children with disabilities, including children in public or private institutions or other care facilities, are educated with children without disabilities, and special classes, separate schooling, or other removal of children with disabilities from the regular educational environment occurs only when the nature or severity of the disability of a child is such that education in regular classes with the use of supplementary aids and services cannot be achieved satisfactorily.
- (32) "Limited Special Education Direct Services" (ULN 3) means Special Education Direct Services and/or Related Services provided in the general or special education setting deemed by the IEP team to be a Student's Least Restrictive Environment, as required by state and federal law by certified or non-certified staff totaling more than or equal to four (4), but less than nine (9) hours per week. Eligible Related Services include psychological, school social work, speech/language, school health counseling, vision, hearing, orientation and mobility services, occupational and physical therapy. Recreational therapy and other Related Services are excluded.
- (33) "Local Contribution," pursuant to T.C.A. § 49-3-104(14), means the dollar amount of local funds that a local government must pay toward the Local Share.
- (34) "Local Education Agency" or "LEA," pursuant to T.C.A. § 49-3-104(15), 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.
- (35) "Local Share," pursuant to T.C.A. § 49-3-109(b), 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).
- (36) "Long-Term English Learners" means English Learners in year seven (7) of the ESL program who have not met the program's exit criteria pursuant to State Board of Education Rules, Chapter 0520-01-19.
- (37) "Membership," pursuant to T.C.A. § 49-3-104(16), means a Student is enrolled and assigned to a class.
- (38) "Minimal Special Education Direct Services" (ULN 2) means special education and Related Services provided in the general or special education setting deemed by the IEP team to be a Student's Least Restrictive Environment, as required by state and federal law by certified or non-certified staff totaling more than or equal to one (1), but less than four (4) hours per week. Eligible Related Services include psychological, school social work, speech/language, school health counseling, vision, hearing, orientation and mobility services, occupational and physical therapy. Recreational therapy and other Related Services are excluded.
- (39) "Minimum Universal Reading Screening Matrix" means a state-designed tool that identifies the subtests required at each grade level for all state-approved universal reading screeners and determines the grade appropriate subtests necessary for the screening process for Characteristics of Dyslexia.
- (40) "Moderate Special Education Support Direct Services" (ULN 6) means special education direct and/or Related Services provided in the general or special education setting deemed by the IEP team to be a Student's Least Restrictive Environment, as required by state and federal law, by certified or non-certified staff totaling more than or equal to nine (9), but less than fourteen (14) hours per week. Eligible Related Services include psychological, school social work, speech/language, school health counseling, vision, hearing, orientation and mobility

(Rule 0520-12-05-.02, continued)

services, occupational and physical therapy. Recreational therapy and other Related Services are excluded.

(41) "Most Intensive Special Education Support Direct Services" (ULN 9) means:

- (a) Direct and/or Related Services provided in the general or special education setting deemed by the IEP team to be a Student's Least Restrictive Environment, as required by state and federal law totaling twenty-three (23) or more hours per week. Eligible Related Services include psychological, school social work, speech/language, school health counseling, vision, hearing, orientation and mobility services, occupational and physical therapy. Recreational therapy and other Related Services are excluded; or
- (b) Direct and/or Related Services to a Student in a comprehensive development classroom or self-contained setting deemed by the IEP team to be a Student's Least Restrictive Environment, as required by state and federal law totaling thirty-two and a half (32.5) or more hours per week. Eligible Related Services include psychological with a minimum of two contacts per month, counseling with a minimum of two contacts per month, speech/language with a minimum of two contacts per month, vision or hearing services with a minimum of one hour per week, or physical or occupational therapy with a minimum of three contacts per year.

(42) "Non-English Language Background (NELB) Student" means a Student whose parent(s) or guardian(s) list a language other than English in response to any question on the home language survey. An NELB Student may or may not qualify for ESL services.

(43) "Postsecondary Readiness Assessment," pursuant to T.C.A. § 49-3-104(17), means the assessment required pursuant to T.C.A. § 49-6-6001(b).

(44) "Related Services," pursuant to 34 C.F.R. 300.34, means transportation and such developmental, corrective, and other supportive services required to assist a child with a disability to benefit from special education, including, but not limited to, speech-language pathology and audiology services; interpreting services; psychological services; physical and occupational therapy; transition services, including job placement; recreation, including therapeutic recreation; early identification and assessment of disabilities in children; counseling services, including rehabilitation counseling with a focus on career development, employment preparation, achieving independence, and integration in the workplace and community of a child with a disability; orientation and mobility services; medical services for diagnostic or evaluation purposes; school health services and school nurse services; social work services in schools; and Parent Counseling and training.

(45) "Significant Growth," for the purpose of Rule 0520-12-05-.06, means a Student who has moved from one performance band to a higher performance band over consecutive years.

(46) "Small District," pursuant to T.C.A. § 49-3-104(18), means an LEA with a Membership of one thousand (1,000) or fewer Students.

(47) "Sparse District," pursuant to T.C.A. § 49-3-104(19), means a county LEA located in a county with fewer than twenty-five (25) Students per square mile.

(48) "Special Education Consultation Services" (ULN 1) means:

- (a) Consultation, with a minimum of two (2) contacts per month between the LEA personnel;
- (b) Occupational therapy or physical therapy consultation with a minimum of three (3) contacts per year between the related service provider and other LEA personnel; or

(Rule 0520-12-05-.02, continued)

- (c) Special Education Direct Services provided in a Student's Least Restrictive Environment, as required by state and federal law, are less than one (1) hour per week and Related Services are less than one (1) hour per week.
 - (d) Eligible Related Services include psychological, school social work, speech/language, school health counseling, vision, hearing, orientation and mobility services, occupational and physical therapy. Recreational therapy and other Related Services are excluded.
- (49) "Special Education Direct Services" means special education services provided in the general or special education setting deemed by the IEP team to be the Student's Least Restrictive Environment, as required by state and federal law, by certified or non-certified staff directly to Students. Services include, but are not limited to:
- (a) Speech and language therapy in the general or special education setting;
 - (b) Co-teaching model in which a certified general education teacher and a certified special education teacher deliver coordinated instruction in the general education classroom;
 - (c) Paraprofessional support in the general education setting;
 - (d) Pull-out services in the special education setting; and
 - (e) Deficit-based intervention services.
- (50) "Special Education Residential/Homebound/Hospital Services" (ULN 10) means:
- (a) Residential services are provided twenty-four (24) hours per day; or
 - (b) Direct and Related Services provided in a home, hospital, or related site three (3) or more hours per week.
- (51) "SOC" means a Standard Occupational Classification system. This is a federal statistical standard used by federal agencies to classify workers into occupational categories for the purpose of collecting, calculating, or disseminating data. All workers are classified into one of 867 detailed occupations according to their occupational definition.
- (52) "State Board" pursuant to T.C.A. § 49-3-104(20), means the state board of education.
- (53) "Student" means an individual enrolled in a public K-12 LEA or a public charter school.
- (54) "Student with a Disability" means a child between three (3) and twenty-one (21) years of age, both inclusive, who has been evaluated and determined as having a state-identified disability of functional delay or intellectually gifted, or as having one (1) or more of the following disabilities as defined in 34 C.F.R. § 300.8: an intellectual disability; a hearing impairment, including deafness; a speech or language impairment; a visual impairment, including blindness; emotional disturbance; an orthopedic impairment; autism; traumatic brain injury; other health impairment; a specific learning disability; developmental delay; deaf-blindness; or multiple disabilities and who, by reason thereof, needs special education and Related Services. Any child with a disability who turns twenty-two (22) years of age between the commencement of the school year and the conclusion of the school year continues to be a child with a disability for the remainder of that school year.
- (55) "TCAP," pursuant to T.C.A. § 49-3-104(21), means the Tennessee Comprehensive Assessment Program.

(Rule 0520-12-05-.02, continued)

- (56) "Tennessee Investment in Student Achievement Formula" or "TISA," pursuant to T.C.A. § 49-3-104(22), means the Student-based funding formula established pursuant to this part that consists of Student-generated funding allocations pursuant to T.C.A. §§ 49-3-105 and 49-3-106.
- (57) "Unique Learning Need" or "ULN," pursuant to T.C.A. § 49-3-104(23), 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 T.C.A. § 49-1-229, T.C.A. § 49-10-108, the Individuals with Disabilities Education Act (20 U.S.C. §§ 1400 et seq.), or the State Board's rules for ESL programs, that are documented in a written plan and provided in accordance with T.C.A. § 49-1-229, T.C.A. § 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, 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 resources necessary to manage the ULN.
- (58) "Wage-Earning Potential" means the combination of high-wage, high-demand, and high-skill indicators for occupations using data provided through the Tennessee Department of Labor and Workforce Development.
- (59) "Weighted Allocation," pursuant to T.C.A. § 49-3-104(24), means an allocation in addition to the Base Funding Amount for a Student that is expressed as a percentage of the Base Funding Amount.

Authority: T.C.A. §§ 49-3-103(c) and 49-3-115. **Administrative History:** New rules filed November 17, 2022; effective February 15, 2023. Amendments filed November 27, 2023; effective February 25, 2024. Amendments filed March 25, 2024; effective June 23, 2024.

0520-12-05-.03 BASE FUNDING AMOUNT.

The Base Funding Amount in a given year is subject to an annual appropriation by the Tennessee General Assembly.

Authority: T.C.A. §§ 49-3-103(c) and 49-3-115. **Administrative History:** New rules filed November 17, 2022; effective February 15, 2023.

0520-12-05-.04 WEIGHTED ALLOCATIONS.

- (1) Pursuant to T.C.A. § 49-3-105(b), a Student generates Weighted Allocations, none of which are mutually exclusive of another.
- (2) Weighted Allocations shall be multiplied by the Base Funding Amount to generate additional funds to support Student needs.
- (3) Weighted Allocations shall be generated for the following Student characteristics and percentages:
 - (a) Economically Disadvantaged: The Weighted Allocation for a Student who is Economically Disadvantaged is twenty-five percent (25%).
 - (b) Concentrated Poverty: The Weighted Allocation for a Student who experiences Concentrated Poverty is five percent (5%).
 - (c) Small District: The Weighted Allocation for a Student who resides in a Small District is five percent (5%).

(Rule 0520-12-05-.04, continued)

- (d) Sparse District: The Weighted Allocation for a Student who resides in a Sparse District is five percent (5%).
- (e) There are ten (10) levels of ULN Weighted Allocations which are based on the additional resources necessary to manage each ULN. A Student generates ULN Weighted Allocations for primary and secondary services for Special Education and Related Services, for English Learner status, and for Characteristics of Dyslexia status. A Student generates a Weighted Allocation for each of the Student's ULNs as follows:
 - 1. ULN (1) is weighted at fifteen percent (15%) for a Student with Special Education Consultation Services.
 - 2. ULN (2) is weighted at twenty percent (20%) for a Student with:
 - (i) Minimal Special Education Direct Services;
 - (ii) Characteristics of Dyslexia; and/or
 - (iii) English Learner Tier I.
 - 3. ULN (3) is weighted at forty percent (40%) for a Student with Limited Special Education Direct Services.
 - 4. ULN (4) is weighted at sixty percent (60%) for a Student with English Learner Tier II.
 - 5. ULN (5) is weighted at seventy percent (70%) for a Student with English Learner Tier III.
 - 6. ULN (6) is weighted at seventy-five percent (75%) for a Student with Moderate Special Education Support Direct Services.
 - 7. ULN (7) is weighted at eighty percent (80%) for a Student with High-Support Special Education Direct Services.
 - 8. ULN (8) is weighted at one hundred percent (100%) for a Student with Ancillary Special Education Direct Services.
 - 9. ULN (9) is weighted at one hundred twenty-five percent (125%) for a Student with Most Intensive Special Education Support Direct Services.
 - 10. ULN (10) is weighted at one hundred fifty percent (150%) for a Student with Special Education Residential/Homebound/Hospital Services.
- (4) Student Eligibility and Requirements for ULN Weighted Allocations:
 - (a) Students Receiving Special Education and Related Services:
 - 1. A Student generates a Weighted Allocation aligned to special education and Related Services if the Student:
 - (i) Has been determined eligible for special education and Related Services in accordance with the Individuals with Disabilities Education Act (IDEA) (20 U.S.C. §§ 1400 et seq.); T.C.A. § 49-10-108; and the State Board of Education Rules, Chapter 0520-01-09, for special education;

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- (ii) Has a finalized IEP; and
 - (iii) Meets the requirements of the applicable ULN.
 - 2. LEAs shall ensure that each Student eligible for special education and Related Services receives individualized services, interventions, accommodations, and modifications that provide a free appropriate public education (FAPE) in accordance with the Individuals with Disabilities Education Act (IDEA) (20 U.S.C. §§ 1400 et seq.); T.C.A. Title 49, Chapter 10; and the State Board of Education Rules, Chapter 0520-01-09, for special education.
 - 3. To the maximum extent appropriate, each Student must be educated in the Student's Least Restrictive Environment alongside the Student's typically-developing peers. Special classes, separate schooling, or other removals of the Student from the general educational environment must occur only when, and to the extent that, the Student's IEP team determines that the nature of severity of the Student's disability is such that education in general education classes with the use of supplementary aids and services cannot be achieved satisfactorily.
- (b) Students with Characteristics of Dyslexia:
 - 1. A Student generates a Weighted Allocation aligned to ULN 2 for Characteristics of Dyslexia if the Student:
 - (i) Has been determined to have Characteristics of Dyslexia because the Student:
 - (I) Meets one (1) of the following criteria:
 - I. Is in grades K-3 and falls below the 25th percentile on the composite score on the Tennessee universal reading screener provided by the Department or on a nationally normed, skills-based universal reading screener approved by the State Board;
 - II. Is in grades 4-8, and falls below the 25th percentile on the composite score on a nationally normed, skills-based universal reading screener; or
 - III. Is in grades 9-12 and the LEA's Early Warning System detects that the Student may be at-risk for a reading deficit; and
 - (II) Displays deficits in fifty percent (50%) or more of the grade-appropriate subtests identified by the state's Minimum Universal Reading Screening Matrix, which could include the following areas:
 - I. Phonological awareness;
 - II. Phonemic awareness;
 - III. Sound symbol recognition;
 - IV. Alphabet knowledge;
 - V. Decoding skills;
 - VI. Rapid naming; or

(Rule 0520-12-05-.04, continued)

VII. Encoding skills; and

- (ii) Has a finalized ILP-D in accordance with T.C.A. § 49-1-229 and the State Board rules on Dyslexia; and
 - (iii) As observed and agreed upon by both the Student's teacher and parent(s) or guardian(s), has demonstrated the Characteristics of Dyslexia as described the Dyslexia Resource Guide, developed pursuant to T.C.A. § 49-1-229.
- 2. A Student shall not generate a Weighted Allocation for ULN 2 for Characteristics of Dyslexia if:
 - (i) A parent or legal guardian declines an ILP-D;
 - (ii) The Student with an ILP-D is subsequently determined eligible for special education and Related Services to support deficiencies in the area(s) of basic reading, reading fluency, or reading comprehension; or
 - (iii) The Student has a primary or secondary eligibility category on the Student's finalized IEP to support deficiencies in the area(s) of basic reading, reading fluency, or reading comprehension.
- 3. Each LEA shall:
 - (i) Develop for Students with Characteristics of Dyslexia in grades K-3, a language-focused ILP-D that provides appropriate tiered Dyslexia-specific interventions in accordance with T.C.A. § 49-1-229 and the State Board of Education Rules, Chapter 0520-01-22 and is designed to provide access to instruction aligned to grade level academic standards;
 - (ii) Develop for Students with Characteristics of Dyslexia in grades 4-12, an ILP-D that provides appropriate tiered Dyslexia-specific intervention in accordance with T.C.A. § 49-1-229 and is designed to provide access to instruction aligned to grade level academic standards and access to assistive technology supports;
 - (iii) At least annually, review and revise each Student's ILP-D;
 - (iv) Notify in writing the parent(s) or legal guardian(s) of a Student with Characteristics of Dyslexia:
 - (I) Before implementing the Student's ILP-D;
 - (II) Of progress monitoring data;
 - (III) Regarding the special education referral process;
 - (IV) Of the parent's or legal guardian's right to decline an ILP-D and that declining an ILP-D does not constitute a waiver of RTI2 services; and
 - (v) Adopt and implement an oversight plan that outlines the development, implementation, and monitoring of ILP-Ds for Students with Characteristics of Dyslexia in accordance with this rule, State Board of Education Rule

(Rule 0520-12-05-.04, continued)

Chapter 0520-01-22-.02, and the Tennessee Investment in Student Achievement (TISA) Guide.

(c) Students Identified as English Learners:

1. A Student identified as an English Learner shall qualify for one (1) ULN Weighted Allocation aligned to the ILP and services provided as detailed below.
 - (i) A Student generates a Weighted Allocation aligned to ULN 2 if the English Learner:
 - (I) Has a finalized ILP pursuant to State Board of Education Rules, Chapter 0520-01-19;
 - (II) Meets the definition of English Learner Tier I by meeting one (1) of the following criteria:
 - I. The Student is a Long-Term English Learner;
 - II. The Student is a transitional English Learner who has met the exit criteria for the ESL program in accordance with State Board of Education Rules, Chapter 0520-01-19, and is in year one (1) or two (2) after exiting; or
 - III. The Student's parent(s) or legal guardian(s) have waived Direct ESL Services.
 - (ii) A Student generates a Weighted Allocation aligned to ULN 4 if the English Learner:
 - (I) Has a finalized ILP pursuant to State Board of Education Rules, Chapter 0520-01-19;
 - (II) Meets the definition of English Learner Tier II; and
 - (III) Is receiving Direct ESL Services.
 - (iii) A Student generates a Weighted Allocation aligned to ULN 5 if the English Learner:
 - (I) Has a finalized ILP pursuant to State Board of Education Rules, Chapter 0520-01-19;
 - (II) Meets the definition of English Learner Tier III by meeting both of the following:
 - I. The Student scores an overall proficiency level of three (3) or lower on the WIDA;
 - II. The Student has received three (3) years or less of ESL services; and
 - (III) Is receiving Direct ESL Services.
2. Each LEA shall:

(Rule 0520-12-05-.04, continued)

- (i) Develop and implement an ILP in accordance with State Board of Education Rules, Chapter 0520-01-19, for each English Learner in grades K-3 which includes Direct ESL Services and language focused supports to provide access to instruction aligned to grade level academic standards;
 - (ii) Develop and implement an ILP in accordance with the State Board of Education Rules, Chapter 0520-01-19, for each English Learner in grades 4-12 which includes Direct ESL Services and academic and career readiness supports that provide access to classroom instruction;
 - (iii) At least annually, review and revise, as necessary, each Student's ILP in accordance with State Board of Education Rules, Chapter 0520-01-19;
 - (iv) Comply with the parent and legal guardian participation and notification requirements in State Board of Education Rules, Chapter 0520-01-19, and Title VI of the Civil Rights Act of 1964 (42 U.S.C. §§ 2000d et seq.); and
 - (v) Adopt and implement an oversight plan that outlines the development, implementation, and monitoring of ILPs for English Learners in accordance with this rule, State Board of Education Rules, Chapter 0520-01-19, and the TISA guide.
- (5) The Department shall:
- (a) Monitor LEAs and public charter schools to ensure they are developing IEPs that provide educational services to Students in the Student's Least Restrictive Environment in compliance with T.C.A. § 49-10-108 and the Individuals with Disabilities Education Act (20 U.S.C. §§ 1400 et seq.);
 - (b) Develop appropriate corrective action plans when non-compliance with this rule or with T.C.A. §§ 49-3-101 et seq. is identified;
 - (c) Monitor LEAs and public charter schools for disproportionate identification of Students with Disabilities, Students with Characteristics of Dyslexia, and English Learners. LEAs identified with disproportionate identification based on state and local trend data will receive enhanced monitoring and technical assistance; and
 - (d) Provide training and technical assistance regarding the provisions of this rule and T.C.A. §§ 49-3-101 et seq. to LEA and public charter school personnel upon request.

Authority: T.C.A. §§ 49-3-103(c), 49-3-105(b)(5), and 49-3-115. **Administrative History:** New rules filed November 17, 2022; effective February 15, 2023.

0520-12-05-.05 DIRECT ALLOCATIONS.

- (1) Direct Allocations. The amount set for Direct Allocations generated for each Student listed in T.C.A. § 49-3-105(c), for the LEA in which the Student is a member, are subject to an annual appropriation by the Tennessee General Assembly and shall be based on Students meeting one (1) or more of the following criteria:
 - (a) Rising Fourth Grade Students. A Direct Allocation amount is generated for a rising fourth grade Student who is determined not to be proficient in English language arts (ELA) based on the Student achieving a performance level rating of "below" or "approaching" on the ELA portion of the Student's most recent TCAP test.
 - (b) Students Enrolled in Career and Technical Programs.

(Rule 0520-12-05-.05, continued)

1. Pursuant to T.C.A. § 49-3-105(c)(2), a Direct Allocation amount is generated for each Student Membership in a Career and Technical Program based on:
 - (i) The level of the program; and
 - (ii) The Student progression in coursework through the program.
2. Career and Technical Programs shall be designated into one (1) of three (3) levels. Programs will be classified into the three (3) levels based on alignment to Wage-Earning Potential indicators and additional resources required to support the program if aligned to high Wage-Earning Potential occupational pathways.
 - (i) The level of each program will be determined by the following methodology:
 - (I) SOC Codes will be reviewed for alignment to each program.
 - I. For each program, the Department will develop a list of aligned careers in conjunction with stakeholder groups. The list of each program will be based on the SOC codes.
 - II. For each program's list of aligned SOC codes, the SOC codes with the top ten (10) highest employments in Tennessee will be used in the scoring process outlined below in this Rule. If a program's list of aligned SOC codes is fewer than ten (10) SOC codes, then the available SOC codes will be used for the analysis outlined below in this Rule.
 - (II) Programs will be scored using information on aligned SOC codes to establish the Wage-Earning Potential for each program by analyzing high-wage, high-demand, and high-skill data points. Each of the analyses detailed below will begin with the list of up to ten (10) SOC codes identified within each program as detailed above.
 - I. High-wage score determination:
 - A. Using occupational wage data provided by the Tennessee Department of Labor and Workforce Development (TDLWD), the Department will identify the top five (5) median wage SOC codes within a program. If a program has fewer than five (5) aligned SOC codes, then the available SOC codes will be used for the purposes of this determination.
 - B. The median wages of the top (5) SOC codes will then be averaged together to produce the average median-wage of the program.
 - C. The resulting average median wage for each program will then be compared to the statewide median-wage. The comparison will result in a score ranging from one (1) to five (5) for the high-wage score based on the following:
 - (A) Average median wages at or below the statewide median will earn a score of one (1).

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- (B) Average median wages above 100% to 120% of the statewide median will earn a score of two (2).
- (C) Average median wages above 120% to 130% of the statewide median will earn a score of three (3).
- (D) Average median wages above 130% to 140% of the statewide median will earn a score of four (4).
- (E) Average median wages above 140% of the statewide median will earn a score of five (5).

II. High-demand score determination:

- A. Using employment projection data provided by the TDLWD, the Department will identify the top five (5) in-demand SOC codes within each program based on regional prevalence of demand and volume of demand. If a program has fewer than five (5) aligned SOC codes, then the available SOC codes will be used for the purposes of this determination.
- B. For each aligned SOC code, the in-demand indicator will be based on the number of regions in which the SOC code is identified as in-demand using the following scores:
 - (A) For a SOC code identified as in-demand in eight (8) or nine (9) workforce development regions, the SOC code will earn a score of four (4).
 - (B) For a SOC code identified as in-demand in five (5) to seven (7) workforce development regions, the SOC code will earn a score of three (3).
 - (C) For a SOC code identified as in-demand in three (3) to four (4) workforce development regions, the SOC code will earn a score of two (2).
 - (D) For a SOC code identified as in-demand in two (2) or fewer workforce development regions, the SOC code will earn a score of one (1).
 - (E) If a SOC code is projected to have annual openings in the most recent employment projections of equal to or more than one thousand (1,000), the SOC code will earn a score of four (4) regardless of the regional prevalence score determined in the above paragraphs.
- C. The scores for the top five (5) in-demand SOC codes will be averaged to generate the overall high-demand score for the program, ranging from one (1) to four (4).
- D. If the sum total of annual openings projected by the most recent employment projections for the five (5) top SOC

(Rule 0520-12-05-.05, continued)

codes is equal to or more than three thousand (3,000), then the program will score a four (4) for the high-demand score.

III. High-skill score determination:

- A. Using the same set of top five (5) SOC codes identified in the high-wage score process and data provided by the TDLWD, the Department will total the number of SOC codes with a typical entry education level above a high school diploma. If a program has fewer than five (5) aligned SOC codes, then the available SOC codes will be used for the purpose of this determination.
 - (A) SOC codes with typical entry education levels above a high school diploma (postsecondary non-degree award, some college, no degree, associate's degree, bachelor's degree, master's degree, doctoral or professional degree) will generate a score of one (1).
 - (B) SOC codes with typical entry education levels at or below a high school diploma (high school diploma or equivalent or no formal educational credential) will generate a score of zero (0).
- B. The program will generate an overall high-skill score based on the sum of the identified SOC codes using the following:
 - (A) If the sum is five (5), the program generates a score of two (2).
 - (B) If the sum is three (3) to four (4), the program generates a score of one (1).
 - (C) If the sum is less than three (3), the program generates a score of zero (0).

(III) Weights and final program scores:

- I. To determine a final program score, the high-wage, high-demand, and high-skill scores calculated above will be weighted in the following methodology:
 - A. High-wage will be weighted at 70%.
 - B. High-demand will be weighted at 20%.
 - C. High-skill will be weighted at 10%.
- II. The formula for final program score is (High-Wage Score x 0.7) + (High-Demand Score x 0.2) + (High-Skill Score x 0.1) = final program score.

(IV) Tiers and additional resources:

(Rule 0520-12-05-.05, continued)

- I. The final program scores will be divided into three (3) levels based on the following methodology:
 - A. Programs at or above the eightieth (80th) percentile of all scores will be identified as Level 3.
 - B. Program scores between the fortieth (40th) and eightieth (80th) percentile of scores will be identified as Level 2.
 - C. Program scores below the fortieth (40th) percentile of scores will be identified as Level 1.
 - II. Additional resources: The Department shall evaluate and establish a list of high-cost programs to reflect the additional resources needed to support the program. For programs identified in the top ten percent (10%) of additional resources needed, if the program falls into either Level 2 or Level 3, then the Department will apply an additional level of funding for student membership in these programs as identified in the appropriations process.
3. Student progression in coursework through a program shall be determined by each course's alignment as a first, second, third, or fourth year course of the career and technical education program.
 4. Special Considerations - Career and Technical Program Levels.
 - (i) If a course appears in multiple programs and the aligned programs represent two (2) or more different levels as identified in Paragraph (b)(2) of this Rule, then the course will be funded at the highest level of the aligned program.
 - (ii) Career and Technical Program courses for elective credit and middle school Career and Technical Program courses will be valued the same as a Student assigned to the first year of a level one (1) Career and Technical Program. Funding for general education courses that are part of a Career and Technical Program will not be funded as part of the Career and Technical Program.
 5. By July 1 of each year, the Department shall:
 - (i) Create and publish a listing of all approved Career and Technical Program courses and determine for each course whether it aligns with first, second, third, or fourth year of the Career and Technical Program;
 - (ii) Create and publish a listing of all approved Career and Technical Programs by level;
 - (iii) Conduct an annual review of Wage-Earning Potential indicators through data from the Tennessee Department of Labor and Workforce Development and other sources, for all occupations and ensure alignment to approved Career and Technical Programs; and
 - (iv) Conduct an annual review of additional resources required to support Career and Technical Programs.

(Rule 0520-12-05-.05, continued)

6. With the exception of the first year of implementation, program levels and course assignment to progression years, while evaluated annually, will be updated for TISA funding purposes every three (3) years to allow LEAs appropriate time to align programs. This re-evaluation, including additional resources analysis, will be released by July 1 on the three (3) year cycle and become effective for the subsequent fiscal year, providing a full year between the release date and the year in which data will drive updated funding implications.
- (c) Students Taking a Postsecondary Readiness Assessment. A Direct Allocation amount is generated, which shall be maintained by the Department and used to fund the cost of Postsecondary Readiness Assessments, for each Student meeting one (1) or more of the following criteria:
 1. A junior or senior in high school, as determined from data from Education Information System and the LEA, who has not previously taken a Postsecondary Readiness Assessment; or
 2. A junior or senior in high school, as determined from data from Education Information System and the LEA, who has previously taken a Postsecondary Readiness Assessment, but only once.
 - (d) Kindergarten-Grade 3 Students. A Direct Allocation amount is generated for each member Student enrolled in any of the grades kindergarten through three (K-3) as determined from data from Education Information System intended to support literacy instruction; and
 - (e) Public Charter School Students. A Direct Allocation amount is generated for each member Student of a public charter school as reported by LEAs in the Student information system. The Department shall calculate and disburse public charter school Direct Allocations by:
 1. Dividing the total recurring funding appropriated by the Tennessee General Assembly annually for this purpose by the prior year ADM in charter schools to generate a per Student amount. The per Student amount is then multiplied by prior year ADM at each public charter school to generate the total Direct Allocation generated by individual public charter schools; and
 2. Allocating and distributing to the public charter school's Authorizing Entity, the per Student amount multiplied by prior year ADM generated by each of the authorizer's public charter schools. The authorizing LEA shall distribute these funds and other state, local, and federal funds to public charter schools pursuant to State Board of Education Rules, Division 0520-14 on Charter Schools.
- (2) The amount set for Direct Allocations generated for each Student listed in T.C.A. § 49-3-105(c) shall be administered and allocated by the Department to the LEA in which the Student is a member, or maintained by the Department as specified in subdivision (1)(c), based on data collected for an LEA during the immediately preceding school year, in accordance with T.C.A. § 49-3-105(d).
 - (3) The amount for each Direct Allocation shall be determined through the state budget and appropriations process.

Authority: T.C.A. §§ 49-3-103(c), 49-3-104(4)(G), 49-3-105(c), and 49-3-115. **Administrative History:** New rules filed November 17, 2022; effective February 15, 2023. Amendments filed March 25, 2024; effective June 23, 2024.

0520-12-05-.06 OUTCOME BONUSES.

- (1) Subject to available appropriations by the Tennessee General Assembly, and pursuant to T.C.A. § 49-3-106, the Department shall allocate Student-generated outcome incentive dollars, called outcome bonuses, to an LEA based on the achievement of member Students in the LEA's public schools, including authorized public charter schools. Outcome bonuses shall be earned based on the procedures and goals provided in this Rule, and the outcome bonuses shall be reported at the school level and received by the LEA or public charter school no later than the fifth payment period.
- (2) The Commissioner shall convene a group of individuals in accordance with T.C.A. § 49-3-106(f), to annually advise the Commissioner regarding outcome bonuses and outcome goals. Once selected, an individual may serve in an advisory role for up to three (3) years.
- (3) A Student may generate up to one (1) outcome bonus in elementary school, one (1) outcome bonus in middle school, and one (1) outcome bonus in high school based on the criteria set forth in Paragraph (4) of this rule.
- (4) Outcome bonuses shall be allocated based on the following goals:
 - (a) Elementary School: A Student who scored "meets expectations" or "exceeds expectations" on the 3rd grade ELA TCAP or any Student who scored "approaching" or "below" on the 3rd grade ELA TCAP but demonstrated Significant Growth on the 4th grade ELA TCAP generates an outcome bonus of ten percent (10%) of the Base Funding Amount. If the Student is Economically Disadvantaged, an English Learner, or a Student with a Disability, that Student instead generates an outcome bonus of twenty percent (20%) of the Base Funding Amount. For students with disabilities, this measure may also include the Student's alternate assessment, when taken in lieu of the TCAP, should the Student score at the highest performance level.
 - (b) Middle School: A Student who scored a combination of "meets expectations" or "exceeds expectations" on both the 8th grade ELA and math TCAP or who demonstrated Significant Growth from both the 7th grade ELA and math TCAP to both the 8th grade ELA and math TCAP generates an outcome bonus of ten percent (10%) of the Base Funding Amount. If the Student is Economically Disadvantaged, an English Learner, or a Student with a Disability, that Student instead generates an outcome bonus of twenty percent (20%) of the Base Funding Amount. For Students with Disabilities, this measure may also include the Student's alternate assessment, when taken in lieu of the TCAP, should the Student score at the highest performance level.
 - (c) High School: A Student within a graduating class who met any of the following criteria generates an outcome bonus of ten percent (10%) of the Base Funding Amount. If the Student is Economically Disadvantaged, an English Learner, or a Student with a Disability, that Student instead generates an outcome bonus of twenty percent (20%) of the Base Funding Amount:
 1. Earned EPSO Credit in at least two (2) Early Post-Secondary Opportunities (EPSOs) and either scored a composite score of 21 (twenty-one) or higher on the ACT, or increased his or her composite ACT score by at least four (4) points between the first 11th grade ACT and a subsequent ACT; or
 2. Earned EPSO Credit for three (3) EPSOs; or
 3. Scored 31 (thirty-one) or higher on the Armed Services Vocational Aptitude Battery (ASVAB) Armed Forces Qualifying Test (AFQT) and earned EPSO Credit in at least two (2) EPSOs.

(Rule 0520-12-05-.06, continued)

- (d) High School Students with Disabilities: A Student in a graduating class who did not generate an outcome bonus under Paragraph (4)(c) of this rule, who was enrolled in an LEA that meets Indicator 5 of the State Annual Performance Report for students who receive instruction eighty percent (80%) of the day in a general education setting, and who also met at least two (2) of the three (3) State Annual Performance Report Indicators, as required by IDEA and listed below, generates an outcome bonus of ten percent (10%) of the Base Funding Amount:
 - 1. Indicator 1: Graduation with a general education diploma;
 - 2. Indicator 3C: Proficiency on the state's alternate assessment;
 - 3. Indicator 14: Post-school outcomes.
- (5) If there is not enough funding appropriated to provide outcome bonuses pursuant to Paragraph (4), the funding shall be reduced proportionally as provided in T.C.A. § 49-3-106.
- (6) The Department shall explore options and alternatives to measure Significant Growth, for consideration by the group assembled under T.C.A. § 49-3-106(f).
- (7) The Department shall conduct a pilot program in the 2023-24 school year related to post high school success metrics to determine potential revisions to outcome bonuses for high school students.

Authority: T.C.A. §§ 49-3-103(c), 49-3-106, and 49-3-115. **Administrative History:** New rules filed November 17, 2022; effective February 15, 2023. Amendments filed November 27, 2023; effective February 25, 2024.

0520-12-05-.07 FAST-GROWTH ELIGIBILITY AND CALCULATION.

- (1) Subject to annual appropriations by the Tennessee General Assembly, the Department shall provide stipends to LEAs experiencing fast growth in accordance with T.C.A. § 49-3-107. Funds appropriated for stipends must first be allocated for fast-growth stipends pursuant to Subparagraph (1)(a). If the funds appropriated for stipends exceed the amount required to fund fast-growth stipends pursuant to Subparagraph (1)(a), then the excess funds must next be allocated to fund infrastructure stipends pursuant to Subparagraph (1)(b). If the funds appropriated for stipends exceed the amount required to fund stipends pursuant to Subparagraphs (1)(a) and (1)(b), then the Department may lower the percentage in Subparagraph (1)(a) to ensure that all funds appropriated are allocated and disbursed to LEAs.
 - (a) An LEA that experiences growth in the total allocation generated by Students in non-virtual schools in the LEA pursuant to T.C.A. § 49-3-105 in the current year in excess of 1.25 percent (1.25%), as compared to the prior year, is eligible for a fast-growth stipend equal to the increase in allocations in excess of 1.25 percent (1.25%). If the funds appropriated 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. The Department shall determine which LEAs are eligible for fast-growth stipends and disburse them in accordance with the following procedural steps:
 - 1. The Department shall run the TISA for a given school year using prior year data, excluding outcome bonuses and removing virtual schools ADM, to establish a fast-growth baseline allocation.

(Rule 0520-12-05-.07, continued)

2. The Department shall run the TISA using current school year data, excluding outcome bonuses and virtual schools ADM, at five (5) points throughout the year to meet the distribution timeline detailed in Subparagraph (a)(5) below to measure growth with each run capturing all closed reporting periods within the current school year.
 3. For each of the calculations conducted pursuant to Step 2, the Department shall compare the resulting TISA allocation to the baseline allocation from Step 1. A current year allocation that is more than 1.25 percent (1.25%) higher than the baseline will qualify the LEA for a fast-growth stipend.
 4. For each LEA eligible for a fast-growth stipend, the initial amount of the stipend shall be the state portion of the difference of the growth measure run compared to the baseline allocation in excess of 1.25 percent (1.25%).
 5. The Department shall distribute fast-growth stipends to eligible LEAs in separate payments of one-fifth (1/5) of the full value of the difference as derived in Steps 3 and 4. Payments will be made on or before the 15th of the month in November, January, March, May, and July. The final July calculation will be a reconciliation of the verified reporting periods of the recently completed school year averaged together, mirroring the overall TISA calculation process.
 6. If the value of Part 4. of Subparagraph (1)(a) totaled for all eligible LEAs is in excess of the appropriation for fast-growth stipends, then the Department shall pro-rate the value of each LEA's award to ensure all funds are awarded in proportion to LEAs' initial amounts.
 7. If the value of Part 4. of Subparagraph (1)(a) totaled for all eligible LEAs is less than the appropriation for fast-growth stipends and all eligible infrastructure stipends have been distributed, then the Department shall lower the threshold for eligibility for fast-growth stipends from 1.25 percent (1.25%) until such time that all available funds have been disbursed.
 8. The Department shall disburse fast-growth stipends with the TISA payments following each identified reporting period verification date.
 9. Fast-growth stipends are calculated within each academic year and are not considered recurring grants to LEAs.
 10. The fast-growth stipend shall be fully funded by the state and not require additional Local Contribution funds.
- (b) 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 non-virtual schools in the LEA for each school year in excess of a two percent (2%) ADM growth in non-virtual schools from the prior school year. An infrastructure stipend in a given year must be uniform for all eligible LEAs. The Department shall determine which LEAs are eligible for infrastructure stipends and distribute them to LEAs in accordance with the following procedural steps:
1. The Department shall compare the LEA's non-virtual school ADM value used in the TISA Base Funding Amount allocations for the three (3) prior school years. If the non-virtual school ADM value increased in each of the three (3) school years

(Rule 0520-12-05-.07, continued)

- by more than two percent (2%) compared to the prior school year, then the LEA is eligible for an infrastructure stipend.
2. The Department shall determine how many ADMs above the two percent (2%) growth threshold each LEA reported for the current school year compared to the prior year.
3. The Department shall determine each LEA's proportional share of the allocated infrastructure stipend funding by taking the total of each LEA's total ADMs determined in Part 2. of Subparagraph (1)(b) over the total of all eligible LEAs' total ADMs determined in Part 2. of Subparagraph (1)(b).
4. As part of the annual budget process, the Department shall recommend to the Governor a maximum amount of funding to be made available for infrastructure stipends based on growth across the state. The final amount will be determined by the General Assembly through the appropriations process.
5. The Department shall multiply each LEA's proportional share determined in Part 3. of Subparagraph (1)(b) by the overall allocation available for infrastructure stipends to set the award level for each eligible LEA.
6. The Department shall issue infrastructure stipends as a single payment to eligible LEAs in October of each year in which funds are appropriated by the Tennessee General Assembly for this purpose.
7. The Department shall calculate infrastructure stipends within each school year, and Infrastructure stipends are not considered recurring grants to LEAs.
8. The infrastructure stipend shall be fully funded by the state and not require additional Local Contribution Funds.

Authority: T.C.A. §§ 49-3-103(c), 49-3-107, and 49-3-115. **Administrative History:** New rules filed November 17, 2022; effective February 15, 2023.

0520-12-05-.08 LOCAL CONTRIBUTION AND FISCAL CAPACITY.

- (1) The Department will calculate the Local Contribution of each LEA using the following methodology:
 - (a) For each of the Base Funding Amount and weighted components of the TISA, the Department will calculate thirty percent (30%) of the total statewide allocations generated under TISA for each component.
 - (b) The resulting amount will be multiplied by a county's Fiscal Capacity to determine the county's Local Contribution for each component.
 - (c) For counties with multiple LEAs, the Department will determine the proportion of the total TISA funds for each the Base Funding Amount and weighted components generated by each LEA within the county relative to the sum total of all TISA funds generated within the county. This proportion will then be multiplied by the county's Local Contribution to determine each LEA's individual contribution value.
 - (d) The required Local Contributions for the Base Funding Amount and weights will then be summed to determine the total Local Contribution for each LEA.

(Rule 0520-12-05-.08, continued)

- (2) The Department will use Fiscal Capacity indices from the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) and the Boyd Center for Business and Economic Research (CBER) at the University of Tennessee provided no later than May 1 of each year, weighted equally, to determine the Fiscal Capacity of each county.
- (3) In compliance with T.C.A. § 49-3-104(13), the formulas established by both TACIR and CBER shall be evaluated by the comptroller of the treasury and approved by the State Board of Education. The comptroller of the treasury may make recommendations on any changes to the Fiscal Capacity formulas to the State Board of Education, and the State Board shall establish a process and timeline for approval of the formulas.

Authority: T.C.A. §§ 49-3-103(c) and 49-3-115. **Administrative History:** New rules filed November 17, 2022; effective February 15, 2023.

0520-12-05-.09 COST DIFFERENTIAL FACTOR ELIGIBILITY AND CALCULATION.

- (1) Subject to annual appropriations by the Tennessee General Assembly and in accordance with T.C.A. § 49-3-108(d)(2), the Department shall disburse Cost Differential Factor (CDF) grants to an LEA located in a county in which the cost of living is greater than the statewide average. An LEA is deemed located in a county in which the cost of living is greater than the statewide average and eligible for a CDF grant if the LEA is located in a county for which the ratio between the county's non-governmental wages and the statewide non-governmental wages is greater than one (1), as calculated by the Boyd Center for Business and Economic Research (CBER) at the University of Tennessee.
- (2) The Department shall calculate CDF grant amounts for eligible LEAs by using the following methodology:
 - (a) In each county with a CDF ratio greater than one (1), as determined annually by CBER, the Department will multiply the CDF ratio by the sum of the Base Funding Amount, weighted allocations, and direct funding TISA allocations generated by Students within the given county for a given school year. If the county includes multiple LEAs, then the total allocations of all components listed above for LEAs within the county will be summed and multiplied against the county's CDF.
 - (b) The Department shall total the resulting sums for all counties with a CDF above one (1) and divide each individual county's sum over the state total of eligible LEAs, generating a proportional share of the total state value.
 - (c) The Department shall then multiply the proportional share for each county by the total funding allocation available for CDF grants to determine the grant funding level for the county. If the county includes multiple LEAs, the county total will be distributed out to included LEAs proportional to each LEA's relative share of the total county funds used above.
- (3) The Department shall calculate the amount of CDF grants annually based on CBER data, appropriations, and TISA allocations. Grants shall be disbursed in equal amounts ten (10) times throughout the funding year in alignment with the payments of TISA allocations. Grant amounts shall not be adjusted within the year of the award.

Authority: T.C.A. §§ 49-3-103(c), 49-3-108(d), 49-3-109, and 49-3-115. **Administrative History:** New rules filed November 17, 2022; effective February 15, 2023.

0520-12-05-.10 DATA COLLECTION, CALCULATIONS, AND APPEALS.

- (1) LEAs shall submit Student and school-level data to the Department for the purpose of calculating TISA for kindergarten through grade twelve (K-12) public schools. Data to be collected includes:
 - (a) For the purpose of calculating the Base Funding Amount:
 1. ADM.
 - (b) For the purpose of calculating the Weighted Allocations, the following data components will be used:
 1. Economically Disadvantaged: Economically Disadvantaged ADM; and
 2. Concentrated Poverty:
 - (i) ADM; and
 - (ii) Title I Eligible Schools as determined in the LEA's Consolidated Funding Application. Schools designated as schoolwide under waiver applications shall not be included for this purpose.
 3. Small District:
 - (i) ADM.
 4. Sparse District:
 - (i) ADM.
 5. Unique Learning Needs Data:
 - (i) Students Receiving Special Education and Related Services:
 - (I) Special Education - Option 1 ADM;
 - (II) Special Education - Option 2 ADM;
 - (III) Special Education - Option 3 ADM;
 - (IV) Special Education - Option 4 ADM;
 - (V) Special Education - Option 5 ADM;
 - (VI) Special Education - Option 6 ADM;
 - (VII) Special Education - Option 7 ADM;
 - (VIII) Special Education - Option 8 ADM;
 - (IX) Special Education - Option 9 ADM; and
 - (X) Special Education - Option 10 ADM.
 - (ii) Students with Characteristics of Dyslexia:

(Rule 0520-12-05-.10, continued)

- (I) Characteristics of Dyslexia ADM.
 - (iii) English Learners (EL):
 - (I) EL Direct Service (L) ADM;
 - (II) EL Waived Services (W) ADM;
 - (III) EL Transition Year 1 (T1) ADM; and
 - (IV) EL Transition Year 2 (T2) ADM.
 - (c) For the purpose of calculating Direct Allocations, the following data components will be used:
 - 1. Rising Fourth Grade Students:
 - (i) Grade 3 ADM; and
 - (ii) TCAP Performance Level Data.
 - 2. Students in Career and Technical Programs:
 - (i) Program of Study by Student; and
 - (ii) Course Membership ADM.
 - 3. Students Taking Postsecondary Readiness Assessment:
 - (i) Grade 11 and 12 ADM.
 - 4. Kindergarten – Grade 3 Students:
 - (i) Kindergarten – Grade 3 ADM.
 - 5. Public Charter School Students:
 - (i) Public Charter Schools ADM.
- (2) The Department shall report the following data used in the TISA calculations:
- (a) For the purpose of calculating Weighted Allocations:
 - 1. Sparse: Geographic size in square miles of the county aligned to county systems.
 - (b) For the purpose of calculating Direct Allocations:
 - 1. Students in Career and Technical Programs:
 - (i) List of all approved Career and Technical Programs by level; and
 - (ii) Course listing by Career and Technical Program, including alignment to first, second, third, or fourth year.
 - (c) For the purpose of calculating Local Contributions:

(Rule 0520-12-05-.10, continued)

1. Fiscal Capacity indices as calculated by TACIR and CBER.
- (3) To ensure proper reporting of data needed to calculate TISA, LEAs shall submit all required data on a regular and ongoing basis as described in the TISA guide. The TISA guide shall be updated annually to ensure LEAs have an updated data submission calendar.
- (4) LEAs shall certify their local-level data in each of the nine (9) school year reporting periods. LEAs shall acknowledge their period data submission on or before the 15th of each reporting period month. LEA School Directors shall certify their period data submission by the last business day of each reporting period month. The Department shall provide a snapshot of an LEA's reporting period data to each LEA following the period submission to allow for data review and revision ahead of the period certification deadline. The Department shall issue preliminary TISA allocations monthly beginning no later than April and issue final allocations in July of each year.
- (5) Data Calculations – Special Considerations:
 - (a) ADM for each component of the TISA formula shall be calculated using all nine (9) reporting periods, weighted equally.
 - (b) ADM data shall include reporting data for early graduates, inclusive of all Student attributes.
- (6) Data Appeals Process:
 - (a) The Department shall ensure all LEAs can appeal and correct substantive reporting discrepancies by reporting period through a formal process to be detailed in the TISA guide.
 - (b) The Department shall ensure all LEAs have the opportunity to appeal final TISA allocations due to an alleged error in the calculation process within fifteen (15) business days from the issuance of final allocations.

Authority: T.C.A. §§ 49-3-103(c), 49-3-108(h), and 49-3-115. **Administrative History:** New rules filed November 17, 2022; effective February 15, 2023.

0520-12-05-.11 ADM CALCULATIONS.

- (1) The Department shall make the following Student ADM calculations to implement TISA:
 - (a) ADM from the current year is used to calculate the following year's TISA allocation. A Student generates Weighted Allocations, none of which is mutually exclusive of another.
 - (b) A Student generates ULN Weighted Allocations for primary and secondary services for Special Education and Related Services, for English Learner status, and for Characteristics of Dyslexia status.
 - (c) Base Funding Amount is calculated by multiplying the total ADM by the base funding per-Student amount.
 - (d) Economically Disadvantaged funding is calculated by multiplying the Base Funding Amount by the Economically Disadvantaged weight as determined by law, and then multiplying that amount by the Economically Disadvantaged ADM.

(Rule 0520-12-05-.11, continued)

- (e) Concentrated Poverty funding is calculated by multiplying the Base Funding Amount by the Concentrated Poverty weight as determined by law, and then multiply that amount by the school's Title I eligible ADM.
- (f) Small District funding is calculated by multiplying the Base Funding Amount by the Small District weight as determined by law, and then multiplying that amount by the Small District ADM.
- (g) Sparsity funding is calculated by multiplying the Base Funding Amount by the Sparsity weight as determined by law, and then multiplying that amount by the Sparsity ADM.

Authority: T.C.A. §§ 49-3-103(c) and 49-3-115. **Administrative History:** New rules filed November 17, 2022; effective February 15, 2023.

0520-12-05-.12 DISTRIBUTION OF FUNDS.

- (1) The Department 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.
 - (a) Approximately one-tenth (1/10) of the estimated total of the state funds annually appropriated for TISA shall be distributed on or about August 15, and on or about the fifteenth (15th) day of each succeeding month through April 15, and the amount of the remainder due each LEA for the school year shall be determined during June of such school year.
 - (b) The amount of the remainder due shall be determined based on the records that each LEA has furnished the Department. The actual delivery of the warrant covering the final distribution to an LEA shall not be made until after all records required by the Department have been furnished.
 - (c) Before a full and complete settlement is made with any LEA for any year, all records and reports required by the Department shall be filed with the Department by the LEA.
- (2) LEAs shall distribute state and local funds to their authorized public charter schools pursuant to State Board of Education Rules, Chapter 0520-14-01 regarding the allocation of state and local funds to public charter schools.
- (3) If state funds available for distribution are insufficient to meet an LEA's TISA allocation for a school year, then the Department shall apply a pro rata reduction to the amount that each LEA is allocated. If it is necessary to issue pro rata payments, the Commissioner, with the approval of the State Board, may waive any requirements prescribed by law, rule, or otherwise until the state provides the required funding; provided, however, that the Commissioner shall not waive the regulatory or statutory requirements listed in T.C.A. § 49-1-201(d)(1)(A)-(O).
- (4) The Department shall apply the following minimum allocation requirements annually when distributing TISA funds:
 - (a) An LEA's allocated education funding shall not decrease more than five percent (5%) from one (1) year to the next year.
 - (b) 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%). The Department will use the relative

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contribution of state and local funds in the original TISA allocation for the funded year to set the state and Local Contributions of the updated allocations.

- (c) The Department shall not allocate additional funds to an LEA pursuant to T.C.A. § 49-3-108(c) if the Department is required to allocate additional funds to the LEA pursuant to T.C.A. § 49-3-108 subsection (b).
- (5) Subject to appropriations by the Tennessee General Assembly and pursuant to T.C.A. § 49-3-108(d)(1), the Department shall distribute a grant to an LEA meeting the following criteria:
 - (a) The LEA that 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 T.C.A. § 49-3-314(c)(3)(A). Distressed or at-risk grant funding is calculated as a flat dollar value equal to the amount of the required increase in their Local Contribution; or
 - (b) The LEA is located within a county having an active tourism development zone agreement executed before July 1, 2023, 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. This annual grant is to be in the amount of \$1,840,000.
- (6) An LEA that satisfies the criteria of Subparagraphs (5)(a) and (5)(b) may receive multiple grants.
- (7) The Department shall report longitudinal and comparative school and district-level funding and district, state, and federal-level per-pupil expenditure data reporting in transparent and interactive formats annually beginning no later than December 2024.

Authority: T.C.A. §§ 49-3-103(c) and 49-3-115. **Administrative History:** New rules filed November 17, 2022; effective February 15, 2023.

0520-12-05-.13 BEP TRANSITION FUNDING.

- (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, Baseline Funding Amount defined as the BEP allocation received in FY2022-23 plus grants received for Family Resource Centers, School Safety, and Coordinated School Health, 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 Paragraph (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 Paragraphs (1) and (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 Paragraphs (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

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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.

- (5) The calculation for BEP Transition Funding will use the following methodology:
- (a) An LEA must qualify for BEP Transition Funding in the first year of TISA implementation to receive any funding under the BEP Transition Funding in the subsequent three (3) years. If an LEA qualifies for BEP Transition Funding in the first year of TISA implementation and in any one (1) of the subsequent three (3) years the TISA allocation to the LEA exceeds the Baseline Funding Amount, the LEA will no longer qualify for BEP Transition Funding.
 - (b) In the first year of TISA implementation, if an LEA is allocated TISA funds less than the Baseline Funding Amount, the Department shall update the allocations to the LEA to match the Baseline Funding Amount, including the state and Local Contributions respectively.
 - (c) In the second through fourth year of TISA implementation, the TISA allocation for an eligible LEA for the specified year will be subtracted from the Baseline Funding Amount to identify the overall allocation gap. The Department shall update the overall allocations to the LEA to match the TISA allocation for the specified year plus the designated percent of the gap.
 - 1. Within the updated allocation, the Department will calculate the gap between the state funds allocated in the Baseline Funding Amount and of the specified funding year. The Department shall provide the designated percent of funding identified in Paragraphs (2)-(4) of the gap in state funds plus the state funds generated in the specified funding year under TISA. The difference between the overall allocation and this resulting state contribution will be the Local Contribution requirement.

Authority: T.C.A. §§ 49-3-103(c), 49-3-108 (a)(b)(e)(f)(g)(h), and 49-3-115. **Administrative History:** New rules filed November 17, 2022; effective February 15, 2023.

0520-12-05-.14 EDUCATOR SALARY INCREASES.

- (1) Pursuant to T.C.A. § 49-3-105(e), a portion of any annual increase in the TISA Base Funding Amount may be restricted by an act of the Tennessee 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, the following actions are required:
- (a) The State Board shall increase the minimum salary schedule as appropriate, based on the amount of funds restricted for Existing Educator salary increases if needed;
 - (b) The Department shall report to LEAs and public charter schools the respective restricted amount of funds to be used for these purposes;
 - (c) LEAs and public charter schools shall use the portion restricted to provide salary increases to Existing Educators and report to the Department how the additional state funding for Existing Educator salaries is utilized; and
 - (d) The Department shall provide a report to the State Board and the Tennessee General Assembly on how LEAs and public charter schools utilized the additional state funding for salary increases to Existing Educators.

(Rule 0520-12-05-.14, continued)

Authority: T.C.A. §§ 49-3-103(c), 49-3-105(e), 49-3-115, and 49-3-306(b)(4)(C)(ii). **Administrative**

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