



# From Antiquated to Equitable

*How Tennessee Overhauled Its State School Funding Formula*

---

By Carrie Hahnel, Max Marchitello, and Titilayo Tinubu Ali

FEBRUARY 2023

# Introduction

In the United States, state governments bear the primary responsibility for overseeing K-12 public education. A major part of this responsibility involves providing adequate resources for students to receive a high-quality education. Unfortunately, thousands of school districts — particularly those in rural and urban areas and those serving large numbers of low-income, Black and Latino, and English learner (EL) students — are under-resourced. This presents not just an adequacy problem but also an equity issue.<sup>1</sup> Outdated state school funding formulas disconnected from what students need today are a significant contributing factor.

Updating or replacing these formulas can be politically fraught, and efforts at reform often fail.<sup>2</sup> Policymakers and stakeholders frequently disagree over how to divide up limited resources and which communities and policies to prioritize. While no state has the perfect school funding formula, some states have improved the adequacy and equity of their systems in recent years. Some of these states, including Tennessee, offer promising practices and lessons that can be adapted to meet other states' political and economic contexts.<sup>3</sup>

Before Tennessee's school funding overhaul, the need was clear. Based on the most recent data, Tennessee ranked 44th nationally in state and local per-pupil revenues and failed to invest more state and local revenues in high-poverty districts than in better-resourced ones.<sup>4</sup> By underinvesting in its students, particularly those with the greatest needs, Tennessee compromised its ability to improve academic achievement and to prepare its young people for college, the workforce, and democratic life — outcomes linked to adequate and equitable investments in education.<sup>5</sup>

Tennessee's new funding formula, called the Tennessee Investment in Student Achievement (TISA) Act, is designed to better meet the needs of the state's nearly 1 million students. Passed in 2022, it replaces an outdated system that was neither adequate nor equitable.

This case study documents the process through which TISA came to be. It is informed by in-depth interviews with advocates and state leaders. We anonymized quotations so that interviewees would be candid during our conversations, but in the interest of transparency, the organizational affiliations of all interviewees are listed throughout this case study.

These conversations uncovered five factors that contributed to TISA's passage that also have broad application in other states:

**1. Strong alignment among political leaders.** The governor, the state education commissioner, and legislative leaders worked closely together to advance the new law.

**2. Advocate coalescence around a shared set of priorities.** Advocates advanced a common agenda that called for more money, a student-based funding model, and weighted funding for disadvantaged students.

**3. A promise of significant new funding for schools.** The governor promised to invest an additional \$1 billion in Tennessee schools if the new funding formula was adopted.

**4. Robust stakeholder engagement and outreach.** State leaders gave parents, advocates, and other stakeholders many opportunities to participate, provide input, and gain insight into the process.

**5. A focus on evidence-based finance principles and major design features.** State leaders built support for the student-based funding framework and avoided drawn-out debates about the finer policy details.

By overhauling its school funding formula, Tennessee joined several other states that have worked to improve the adequacy, equity, and transparency of their education funding systems.<sup>6</sup> As other states consider similar efforts in the coming years, the passage of TISA offers a range of lessons and promising practices for policymakers and advocates across the country.

---

**Bellwether conducted interviews with individuals from the following organizations:**

- The Arc Tennessee
- The Education Trust in Tennessee
- Memphis Lift
- Nashville Public Education Foundation
- Niswonger Foundation
- Tennesseans for Student Success
- TennesseeCAN
- The Tennessee Charter School Center
- Tennessee Department of Education (TDOE)
- Tennessee Office of the Governor
- The Tennessee State Collaborative on Reforming Education (SCORE)

In addition, written statements were provided by Tennessee General Assembly Sen. Jon Lundberg, Senate Education Chair, and Rep. Mark White, House Education Chair.

*The passage of the Tennessee Investment in Student Achievement (TISA) Act offers a range of lessons and promising practices for policymakers and advocates across the country.*

## Tennessee's School Funding Timeline

Reforming a state's school funding formula takes time. A new formula often comes after years of advocacy, lobbying, and research highlighting both deficiencies of the current structure and more effective alternatives. In some cases, it takes a court ruling, which may be handed down years after the case was first filed. In nearly all cases, a funding formula is ultimately established through a process that requires policymakers and other state leaders to write the legislative language, secure votes, and ensure the law's passage.

For TISA, the formal process of developing, publicizing, and ultimately passing the formula took only six months. That rapid timeline, however, belies the significant groundwork that policymakers, advocates, and education organizations laid in the months and years before the public policymaking process began.

For years, stakeholders argued that the old formula, called the Basic Education Program (BEP), was too complex. Others contended it did not provide enough resources to fund the actual costs of educating students. Others pointed out that higher poverty districts received fewer state and local resources than lower-wealth districts — even though the BEP provided some additional funding to support low-income students. In short, there was widespread acknowledgment across the state that there were significant problems with the BEP.

With this as a foundation, in early 2021, state leaders began exploring options for replacing the BEP. The governor's office and TDOE engaged with leaders in the General Assembly to assess and build support for a new funding formula, and they researched successful funding reforms from other states. In October 2021, Gov. Bill Lee called for a public process to review the BEP. The TDOE Commissioner of Education Penny Schwinn led the review and efforts to develop the BEP's replacement. This section summarizes the state's funding reform timeline, from the BEP through TISA's passage (Figure 1).

**FIGURE 1: TENNESSEE'S SCHOOL FUNDING TIMELINE (1992-2022)**

**Event Key**

- The Basic Education Program (BEP)
- School Funding Lawsuits
- Policy and Advocacy Groundwork
- The Development and Passage of the Tennessee Investment in Student Achievement (TISA)

- **1992:** The BEP is established as part of the Education Improvement Act, a comprehensive overhaul of Tennessee school finance, governance, and accountability. It also serves as a response to a court ruling finding that Tennessee was underfunding smaller districts.
- **2007:** The BEP 2.0 is passed. This proposal adjusts how local capacity is calculated, increases teacher salaries, and expands funding for ELs.<sup>7</sup>
- **2014:** Then-Gov. Haslam establishes a task force to review the BEP.<sup>8</sup>
- **2015:** Hamilton County Board of Education, along with six other small school districts,<sup>9</sup> files a lawsuit alleging Tennessee did not adequately fund its schools to support the cost of teacher salaries, health insurance, and other school needs.<sup>10</sup>
- **2015:** Shelby County, home to Memphis City Schools, files an adequacy lawsuit.<sup>11</sup>
- **2016:** State legislators make minor revisions to the BEP.
- **2017:** Davidson County, which includes the city of Nashville, joins the Shelby County litigation.<sup>12</sup>
- **2018-2022:** Groups like TennesseeCAN, the Education Trust in Tennessee, the Tennessee League of Women Voters, the Nashville Public Education Foundation, and Tennessee SCORE publish numerous reports, polls, and other materials making the case for changes to the funding formula.
- **2020:** A routinely-issued report from the Tennessee Advisory Commission on Intergovernmental Relations finds that Tennessee spends 75% of the national average per pupil. Based on their analysis, the commission recommends a thorough review of the BEP.<sup>13</sup>
- **2020:** The Tennessee School Systems for Equity, a coalition of more than 80 small and rural school districts, joins the Shelby County litigation.<sup>14</sup>
- **January 2021:** A new education coalition, Tennessee Alliance for Equity in Education, forms with representation from about 70 civil rights, social justice, and education organizations.<sup>15</sup> They hold school finance institutes and trainings throughout the year.

### Event Key *(repeated)*

- The Basic Education Program (BEP)
- School Funding Lawsuits
- Policy and Advocacy Groundwork
- The Development and Passage of the Tennessee Investment in Student Achievement (TISA)

**May-August 2021:** Leaders in Gov. Lee's administration and senior legislators have initial conversations to assess potential support for school finance reform.

**October 2021:** Gov. Lee announces a 90-day review of the BEP as well as the intention to construct a new, student-centered funding formula — which would eventually be called TISA. Commissioner Schwinn is tasked with leading this effort.<sup>16</sup>

**October 2021:** The TDOE establishes 18 issue- and stakeholder-based subcommittees. Each subcommittee includes a legislative member, and more than 250 people serve on these committees. The TDOE also creates a legislative steering committee to provide transparency and gather feedback.<sup>17</sup>

**October 2021-March 2022:** The TDOE conducts 55 individual district and two dozen regional stakeholder meetings. The department also publishes a suite of resources and tools, including explanations of how TISA would work and a calculator that shows how it would affect specific school districts. The TDOE posts agendas, minutes, and documents from each meeting, and it also shares all public comments received as well as an overview of that feedback.<sup>18</sup>

**January 2022:** The TDOE releases a four-page first draft of the new funding formula describing the core components of the formula.<sup>19</sup>

**January 2022:** During his State of the State address, Gov. Lee announces his intention to invest \$1 billion in new funds into the state's education system, contingent on TISA's passage.<sup>20</sup>

**February 2022:** The TDOE releases a more detailed formula with specific funding amounts and weights.<sup>21</sup>

**April 2022:** After months of legislative debate, public engagement, and coordinated advocacy, TISA passes on a bipartisan basis, but principally with Republican support, on the last day of the legislative session.<sup>22</sup>

**May 2022:** Gov. Lee signs TISA into law on May 2, 2022.

# Tennessee’s New Formula Reduces Complexity and Improves Equity

TISA replaces the BEP, a complex, decades-old funding formula that distributed state funds based on expected costs.<sup>23</sup> The BEP largely ignored student needs and instead funded schools based on enrollment, staff-to-student ratios, and dozens of other line items such as textbooks.<sup>24</sup> Due to this structure, Tennessee did not allocate sufficient resources to meet the needs of today’s students. Moreover, as a result of Tennessee’s school funding system, wealthy districts had roughly the same amount of state and local revenue per pupil as high-poverty districts.<sup>25</sup> TISA, by contrast, allocates greater funding to school districts serving larger numbers of low-income students, ELs, and students with disabilities, since it costs more to support these students’ educational needs. TISA has four different funding streams:<sup>26</sup>

1. **Base Funding:** A per-pupil allocation of \$6,860 designed to pay for the basic elements of a K-12 education.
2. **Weighted Funding:** Supplemental student-based funding generated on top of base funding. Since these weights are additive, students meeting multiple criteria generate multiple supplemental funding streams for their districts (Table 1).
3. **Direct Funding:** Targeted funding generated by students enrolled in public charter schools, as well as funding meant to support students in key priority areas, including K-3 literacy, grade 4 literacy tutoring, career and technical education, and postsecondary readiness assessments. This funding, however, need not be spent on these initiatives.
4. **Outcomes Funding:** Supplemental funding to districts based on students reaching critical performance benchmarks. These benchmarks, which were later defined through the rulemaking process, currently include proficiency and growth scores on state standardized tests, rates of students earning industry credentials, high school graduation rates for students with disabilities, and rates of students meeting state-established college- and career-readiness targets.

**TABLE 1: TISA'S FIVE WEIGHTED CATEGORIES (BASED ON STUDENT NEED)**

Category	Weight
Economically disadvantaged students	25%
Students living in areas of concentrated poverty	5%
Students in sparsely populated communities	5%
Students in smaller districts	5%
Students with unique learning needs, including students with disabilities, ELs, and students with characteristics of dyslexia	15% to 150%

**Note:** The categories of weights are described in greater detail in the law in [T.C.A. §§ 49-3-104 - 105](#). For students with unique learning needs, the weights — across 10 sub-categories — are determined by the number of hours per week or month that services are provided.

**Source:** [Funding for Student Success, “Bill Breakdown: The Tennessee Investment in Student Achievement \(TISA\),” 2021.](#)

*A new formula often comes after years of advocacy, lobbying, and research highlighting both deficiencies of the current structure and more effective alternatives.*

TISA is funded through a combination of state and local revenues. The state provides 70% of the base and weighted funding, while local districts cover 30%. Each district's actual contribution varies based on local economic factors affecting its ability to generate revenue for schools. The direct funding and outcomes-based funding programs are entirely funded by the state.

While TISA is designed to distribute dollars, not generate them, it also comes with Gov. Lee's promise — largely met through 2022's budget appropriation — of an additional \$1 billion for schools. That figure increased the state's investment in schools by more than 20%. When combined with local funding sources, it could grow school funding in Tennessee by roughly 12.5%. This political promise of new funding for schools depends on annual appropriations from the state legislature since it is not codified in TISA.

## Contributing Factors to TISA's Passage

Passing a law that affects every community in the state, and that implicates a huge slice of the state budget, is far more difficult than a bill that targets only a subset of the population or that comes with limited costs. To write a new school funding formula into law, state leaders must navigate competing priorities within the legislature while also juggling the concerns and perspectives of education stakeholders, including school and district leaders, educators and school staff, families, students, community members, business leaders, civil rights leaders, and other advocates. Tennessee leaders successfully navigated this policymaking process. They, along with many education stakeholders, can now celebrate a law that improves the way the state funds its schools.

**Through our research, we identified five key factors that helped to facilitate TISA's passage:**

1. Strong alignment among political leaders.
2. Advocate coalescence around a shared set of priorities.
3. A promise of significant new funding for schools.
4. Robust stakeholder engagement and outreach.
5. A focus on evidence-based finance principles and major design features.



## *Strong alignment among political leaders*

After years of stakeholders making the case for greater school finance equity, in 2021, the conditions were ripe for reform. With Tennessee in a strong fiscal position, the Lee administration seized the opportunity to realize long-desired changes to the formula. Gov. Lee made reforming the BEP a top political priority and tasked Commissioner Schwinn with leading the process. She committed to a transparent process and spent considerable time in communities across the state and in the General Assembly discussing the BEP and the TDOE's proposal for a new formula.

Before Lee took office, it was clear that change was needed. The two school funding lawsuits brought by dozens of school districts helped illustrate the problems with the BEP, as did the two previous statewide efforts to revise it. Additionally, advocates helped spread a consistent and clear message that political leaders heard in all corners of the state. One state education advocate we spoke with recalls that during his first gubernatorial primary, Lee claimed that across his visits to all 95 counties in Tennessee, he consistently heard that the school funding system was broken.

With the general consensus that the BEP was broken, a window of opportunity opened. In spring 2019, only a few months after his inauguration, Gov. Lee said the following about the BEP: "We want to look at it and begin to understand why so many are unhappy and if there is a better way to do it. I want to look at the way other states fund their education programs. I just want to make sure that we are appropriately putting funds where they need to be."<sup>27</sup> The COVID-19 pandemic and recovery efforts took precedence early in his first term. However, in fall 2021 he turned his attention back to school funding.

Commissioner Schwinn was similarly focused. She committed to building a student-based funding model through a transparent statewide process that aimed to engage a wide range of diverse stakeholders. Both Gov. Lee's office and the TDOE benefited from a team that held school finance expertise and working relationships with district and community partners. The team from the TDOE drove a fast process, with the commissioner playing a critical leadership role. Said one statewide advocate: "Commissioner Schwinn drove this process. She was single-minded and made TISA happen. Of course, we had a role to play in helping people understand the proposal and to get them engaged. We tried to make the law even a bit better. But there's an argument to be made that TISA would've happened without any of us. Commissioner Schwinn had a plan and she got it done."

Of course, any state funding change requires more than just executive leadership. It requires collaboration with the legislature, which will ultimately decide whether to pass a new law. The Republican supermajority in the state legislature increased the likelihood that Gov. Lee would have the support needed to develop and adopt a new school funding formula. But to build the necessary legislative support, and in recognition of the central role the General Assembly plays in funding schools, the TDOE included legislative leaders on the TISA subcommittee and involved legislators throughout the process. Leaders from the TDOE also met repeatedly and directly with individual legislators to explain how TISA would work and how it would benefit their communities. These efforts by state leaders, combined with support from the advocacy community — which we discuss next — helped build the necessary public and political will to ensure TISA had the votes needed to pass.

## *Advocate coalescence around a shared set of priorities*

Virtually all stakeholders agreed that the BEP was broken. They also shared two broad-brush priorities for school finance reform: They wanted 1) more money in the system, and 2) additional funding generated by and intended to serve students with greater needs. These priorities, largely shared by civil rights organizations, charter school advocates, and other diverse stakeholders, laid the foundation for TISA's passage.

But this coalescence was no accident. For years, many of these organizations and leaders had been studying, documenting, and organizing around the antiquated inadequacy and inequity of school funding in Tennessee and its consequences for students. Advocacy organizations drew upon government data showing school funding patterns in Tennessee, research comparing funding models and total spending in states, public opinion polls, and many other data sources to make the case that Tennessee was underfunding its schools and its highest-need students. These tactics were bolstered by statewide efforts, including a 2020 report from the Tennessee Advisory Commission on Intergovernmental Relations calling for a thorough review of the BEP,<sup>28</sup> as well as by lawsuits brought by districts from across the state. Many advocates were working in their own lanes, but at some point, their efforts began to merge. Their individual and collective efforts were supported by the business community, the state's reform sector, and the philanthropic community — not to mention a deep bench of public education expertise and leadership in communities across the state as well as in the TDOE.

Coming on the heels of years of consensus-building, TISA checked several boxes from the beginning. Importantly, it addressed both of the major priorities shared by many stakeholders. One advocate put it simply: "I don't think that there is anything in the bill that we are unhappy with." Of course, not all advocates were entirely satisfied with the final law.

### KEY LESSON FOR STATES

*Remind policymakers and the public that good school funding policy is not a red or blue issue.*

A Republican supermajority in the Tennessee state legislature made it easier to secure the necessary votes for TISA, but its passage was not an ideological effort. The proposal included evidence-based principles and a wide range of stakeholders supporting the student-based budgeting model, from charter school advocates to district leaders to civil rights organizations. Thanks to deliberate organizing and outreach on the part of advocates and state leaders alike, along with a focus on policy areas of consensus, TISA was largely embraced as good policy — even by those who disagreed with the politics of those advancing it.

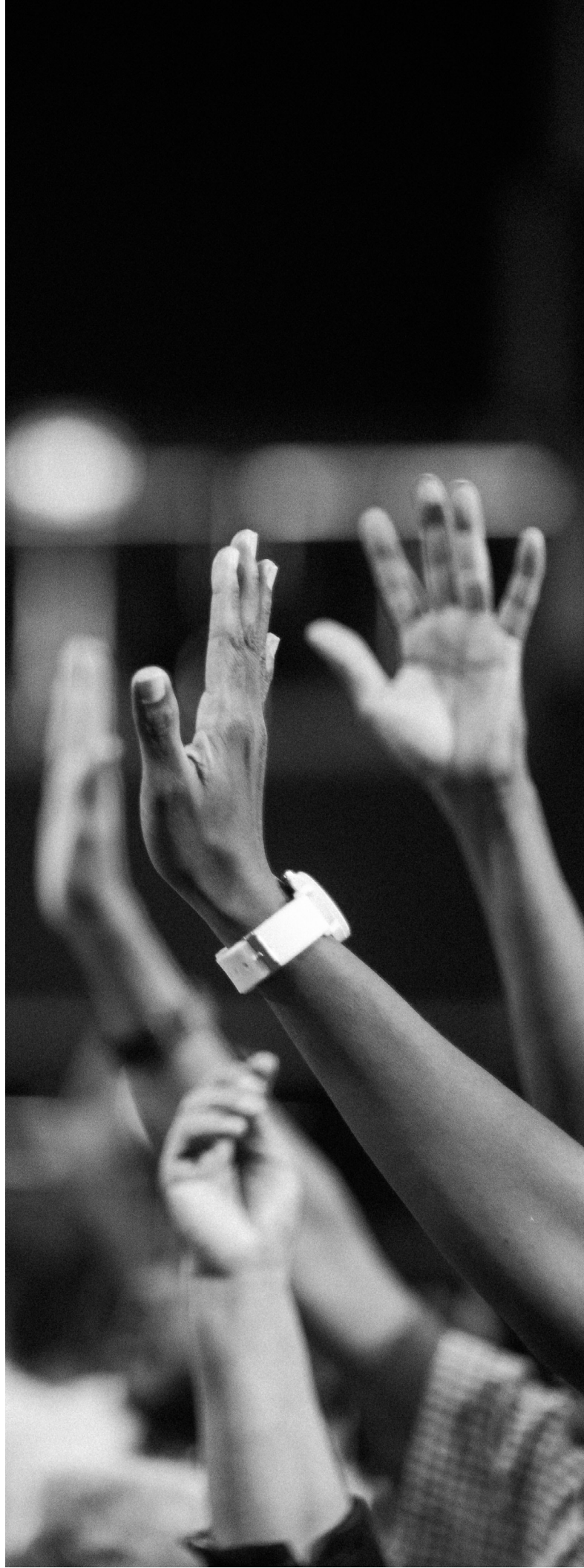
In addition, a temporary hold-harmless proposal ensured that no legislator would have to vote for a proposal that would cause their school districts to lose funding in the near term.

Reforms that replace complex, inadequate, and inequitable funding systems with modern systems that promote good governance, transparency, and fairness should be possible in red states and blue states.

As with any major piece of legislation, TISA includes compromises and trade offs. For example, although some advocates wanted charter schools to generate additional weighted funding, policymakers did not include this in the final language. Charter schools still generate direct grants, though. Additionally, the way the state calculates the local share of a district's funding allocation shifted throughout the process as certain local district representatives heatedly debated the issue. Some also opposed funding districts based on student outcomes. However, those who did not support that element of TISA were nevertheless satisfied that it represents only a fraction of the state's total investment in K-12 public education.

One state education advocate said, "There were things that we had questions about because they were left to rulemaking. There are a few points we wish were a little clearer." Another added: "We wanted to see a concentrated poverty weight. It's not perfect, but there is one."

The state's strong advocacy base was also instrumental in shoring up support for the bill. For example, the Tennessee Alliance for Equity in Education, a coalition of more than 70 organizations, including equity and civil rights organizations,<sup>29</sup> held trainings, hosted webinars, built a network, and published a number of advocacy tools, briefs, fact sheets, and reports. These organizations and others were able to show how TISA would benefit communities throughout Tennessee, which generated support from community members and advocates, including left-leaning organizations and activists concerned about backing an otherwise Republican-only effort.



## *A promise of significant new funding for schools*

---

The first draft of the TISA funding plan garnered enthusiasm when it was released in January 2022. However, some legislators found it difficult to fully support a proposal without dollar figures attached — especially when they had been hearing from constituents at the local town halls that Tennessee’s funding pie was simply not big enough. Later that month, during his State of the State address, Gov. Lee announced the intention to invest an additional \$1 billion in Tennessee schools. The promise of significant new state revenues for public K-12 education if a new funding formula was adopted motivated policymakers, advocates, and stakeholders to support TISA.

According to one statewide advocate, “People knew there would be \$1 billion in new funding. That made it difficult to say no since the number had gotten so much attention.” Another state education advocate was even more sanguine, saying, “The money made it more palatable and allowed legislators to say they voted for \$1 billion in funding for education. It probably just came down to the money for both sides.”

State leaders we spoke with acknowledged that the large investment mattered, but emphasized that they were most concerned with securing a student-centered budgeting model. They said that when the conversation becomes about the dollars, people jockey to secure the largest slice

and focus on winners and losers. Instead, state leaders sought to first create an equitable formula that distributes state dollars fairly, regardless of how much money is ultimately invested into the system.

The more developed funding plan shared in March 2022 included important and easily understandable details about how the money would be spent and how it would benefit districts, particularly those serving a greater concentration of students with additional needs. Said one statewide education advocate, “Finally knowing where the money was going was a huge draw. Conservatives wanted the state to be good stewards of public dollars, and Democrats wanted to be able to track if the money went where it was supposed to go.”

Advocates acknowledged, however, that they will need to watch closely to see how the money is spent. “Districts get more money, but there are no requirements that they do anything differently,” admitted one statewide education advocate. The law does, however, include several accountability and transparency provisions. These include state-level oversight of struggling districts and charter schools, annual reports from the TISA review committee, and the requirement that school boards set academic goals tied to their local budgets.



## *Robust stakeholder engagement and outreach*

---

TDOE ran a statewide engagement and outreach process meant to give parents, advocates, and other stakeholders multiple opportunities to gain insight into the process, participate, and provide input. It also aimed to do this on a tight schedule that ran through the holiday season.

Tennessee's desire for public engagement emerged as a key element in Gov. Lee's announcement of the BEP review. The governor said, "We will pursue a rigorous review of our state's education funding to ensure we are properly investing in students and stewarding our resources well. I invite every Tennessee parent to tell us about their current experiences as well as their hopes for the education, environment, and experience in our K-12 public schools."<sup>30</sup>

To engage stakeholders, the state established 18 subcommittees, held eight regional town halls, facilitated eight "local match" discussions with local elected officials and district leaders, and participated in many additional meetings across the state.

The subcommittees were made up of dozens of educators, members of the business community, parents, advocates, and labor representatives, as well as other stakeholders. While the organizers and advocates we interviewed had a mostly positive perception of the subcommittees and felt they were informative, many said that the sessions were too open-ended. One statewide advocate said, "[The subcommittee members] weren't given anything to react to. They were just asked, 'What do you want to see in a funding

formula?'" One state leader explained that the subcommittees and town halls were designed to gather "input, not feedback," meaning that people were asked to share ideas but were not asked to review and comment on detailed policy language. In making this distinction, the state tried to strike a delicate balance: It wanted to share a clear plan for funding reform, but it also wanted to be open to ideas.

For some advocates, it appeared that the state already knew what it planned to include in the legislation before it convened these subcommittees, with one saying, "I can't name one thing that would not have been pre-baked." The challenge was that, in operating on a fast timeline, the state had little wiggle room to make major policy changes in response to those suggestions. It had to draw a line in the sand somewhere. That said, both advocates and state leaders were able to point to concrete things that changed during the public engagement process, including modifications to the funding structure and weights for students with disabilities.

Most people we spoke with said the local town halls helped stakeholders digest the proposed policies, talk about them with their communities, and gain confidence that the policies aligned with their priorities. As one local education advocate and organizer said, "The commissioner's visit to Memphis was a great opportunity for us to pack the room with parents to learn about TISA." She added, "Commissioner Schwinn helped build buy-in."

To communicate its plan, the TDOE published extensive materials about the BEP review process and its proposal for a new formula, such as meeting notes, fact sheets, FAQs, explainers, and other resources including a funding calculator. These were all intended to promote transparency about their activities and what their proposals would mean for Tennessee's students.

The state's engagement and transparency efforts helped sway key policymakers. Senate Education Chairman Jon Lundberg wrote in a statement that he was at first skeptical of the proposal. "I was worried that it was too big a change, too soon." He went on to say: "As I studied the proposal and talked to local school leaders in my district and around the state, it became clear to me that this was a needed change. I am glad that through vast public and stakeholder engagement, we were able to produce a funding formula centered around our students' needs."

The engagement process also had a longer-term benefit: It served to educate district staff about TISA during the policy development stage, easing the need for significant knowledge-building during the implementation stage.



## KEY LESSON FOR STATES

### *Defer some of the details.*

School funding formulas are complex. But not every detail needs to be worked out within the text of legislation. States can refer some of the more nuanced and technical decisions to the rulemaking process. The policy implementation process often reveals the need for technical tweaks to ensure the policy works in the real world as intended. Policy set by rulemaking rather than legislation is more flexible and can more easily be adjusted as necessary. However, rulemaking is less democratic, even though in some states it may still involve hearings and opportunities for public scrutiny and input. Therefore, it should not be used to substantially shift policy or undermine the intent of the law. States must determine the right balance to meet their specific context and needs.

## *A focus on evidence-based finance principles and major design features*

During its public engagement, the TDOE focused primarily on finance principles and TISA's major design features rather than detailed policy language. This enabled stakeholders to understand how TISA would help their students and communities. And for such a sweeping policy change, the TISA statutory language was relatively brief and to the point, with many of the finer details referred to later rulemaking. One state education advocate said, "The meat of the bill was pretty easy to follow, and rulemaking allows for future flexibility without going through the legislative process." With such a concise proposal, stakeholders were able to focus on the core components of the formula and avoid debates about small details that might have otherwise slowed or derailed the process.

Behind the scenes, of course, deep technical work was needed. During the legislative process, the TDOE modeled and tested legislative proposals to anticipate and refine aspects of the law and prepare for rulemaking. Commissioner Schwinn and her team had expertise and training in school finance, and the TDOE also partnered with consultants, including Bellwether, to deepen their analytic capacity and ensure there were third-party checks and balances on the state's internal spreadsheets (Disclosure).

Many advocates engaged around the finer details as well. In summer 2021, advocates from Tennessee SCORE, Education Trust, and TennesseeCAN joined the first cohort of Bellwether's School Finance Equity Training Center to learn more about how other states constructed student-based school funding formulas, as well as to acquire the technical skills needed to collaboratively model the impact

of different potential funding proposals at a district level. At the beginning of the training, the groups involved did not know for sure that TISA was coming in the next legislative session, but they wanted to be ready to respond to potential proposals for funding reform. When stakeholder sessions and legislative debates began in earnest, these groups had spent months diving into the details of potential student-based funding structures together. This experience helped the advocates speak fluently about school finance and the particulars of the TISA proposal with their constituents.

### KEY LESSON FOR STATES

#### *Keep the main thing the main thing.*

When briefing stakeholders on the plan, policymakers and advocates can showcase the values embedded in the formula, such as greater funding for students with additional needs. Some stakeholders will be hungry to learn the nitty-gritty details, and there should be a way for them to engage with the policy particulars, especially since the details can make a big difference in how money flows. However, most stakeholders will be eager to learn how the funding formula will work at a high level and how it will benefit their students and communities.

By clearly and consistently highlighting the main features of the funding plan, states can foster engagement and build support for the larger vision. They can also establish the trust necessary for stakeholders to engage around the more technical details and to support implementation when the time comes.

## What's Next for TISA?

Any law is only as good as its implementation, and TISA is no exception. Ensuring that TISA meets its full promise will demand that state policymakers, education leaders, and advocates stay vigilant in ensuring that the policy change translates into equitably distributed resources and improved educational opportunities. Tennessee needs steady state leadership, a sustained focus on evidence-based policymaking, and meaningful stakeholder engagement. What are the issues that will require attention? Policymakers, in partnership with stakeholders, will need to:

- Continue to educate local education leaders, community partners, and families on the new law.
- Provide ongoing training and build capacity so that district leaders and community partners are equipped to implement the law.
- Track how the funds are spent and provide guidance or support to ensure districts are equipped to make evidence-based and equitable spending decisions.
- Monitor the success of TISA, elevate research on what is and is not working, and craft policy solutions in the spirit of continuous improvement.

## Conclusion

Because of the complexity of school finance formulas and the political difficulty that comes with changing them, most states revise their systems only once every several decades. Such was the case in Tennessee, where the previous funding law had been in place for 30 years. Replacing that outdated system with one that is simpler and more equitable required significant effort on the part of policymakers and advocates. But hard work is rarely enough if the enabling conditions are not in place. In Tennessee, five factors were critical to the success of the funding reform:

1. Strong alignment among political leaders.
2. Advocate coalescence around a shared set of priorities.
3. A promise of significant new funding for schools.
4. Robust stakeholder engagement and outreach.
5. A focus on evidence-based finance principles and major design features.

A combination of these factors made it possible for a change in law to happen. Now, the challenge is to ensure that the commitments made by policymakers will translate into changes on the ground.

The specifics of the TISA formula or the process of its development and passage may not be applicable in every other state context. However, policymakers and advocates can adapt its principles and strategies to facilitate school funding reform in other states; make creating a new formula a top priority for the executive and legislative branches; foster collaboration among a rich ecosystem of advocacy partners; pair efforts to redesign the formula with commitments to fund it; pursue a robust and meaningful stakeholder engagement process; and focus on core school funding principles and elements in the proposed formula. This comprehensive approach can lead to better, more equitable fiscal policy that can help all students succeed. ✨



# Endnotes

- 1 Daniel Showalter, Robert Klein, Jerry Johnson, and Sara L. Hartman, *Why Rural Matters 2015-2016: Understanding the Changing Landscape*, Rural School and Community Trust, June 2017, [http://www.ruraledu.org/user\\_uploads/file/WRM-2015-16.pdf](http://www.ruraledu.org/user_uploads/file/WRM-2015-16.pdf); "Nonwhite School Districts Get \$23 Billion Less Than White Districts Despite Serving the Same Number of Students," EdBuild, <https://edbuild.org/content/23-billion>; Rebecca Bellan, "\$23 Billion Education Funding Report Reveals Less Money for City Kids," Bloomberg, March 27, 2019, <https://www.bloomberg.com/news/articles/2019-03-27/why-city-kids-get-less-money-for-their-education>.
- 2 Danielle Farrie and David G. Sciarra, *Making the Grade: How Fair Is School Funding in Your State?*, Education Law Center, 2021, [https://edlawcenter.org/assets/MTG%202021/2021\\_ELC\\_MakingTheGrade\\_Report\\_Dec2021.pdf](https://edlawcenter.org/assets/MTG%202021/2021_ELC_MakingTheGrade_Report_Dec2021.pdf).
- 3 Indira Dammu and Bonnie O'Keefe, *Making Change: A State Advocacy Playbook for Equitable Education Finance*, Bellwether, January 31, 2023, <https://bellwether.org/publications/making-change>.
- 4 "Making the Grade 2021 State Profiles," Education Law Center, <https://edlawcenter.org/research/making-the-grade-2021-state-profiles.html>.
- 5 Kirabo Jackson, Rucker Johnson, and Claudia Persico, "The Effects of School Spending on Educational and Economic Outcomes: Evidence From School Finance Reforms," Institute for Policy Research, Northwestern University, 2015, <https://www.ipr.northwestern.edu/documents/working-papers/2015/IPR-WP-15-19.pdf>; Bruce D. Baker, *How Money Matters for Schools*, Learning Policy Institute, December 2017, [https://learningpolicyinstitute.org/media/384/download?inline&file=How\\_Money\\_Matters\\_REPORT.pdf](https://learningpolicyinstitute.org/media/384/download?inline&file=How_Money_Matters_REPORT.pdf).
- 6 Dammu and O'Keefe, *Making Change*.
- 7 "BEP 2.0 — Fair, Sustainable, Accountable: Governor Unveils Plans for BEP Overhaul," release, Governor's Communications Office, Tennessee, May 3, 2007, <https://www.scribd.com/document/43880/050307-BEP-2-0-Release-Speech-and-Spreadsheet>.
- 8 "Haslam Appoints Task Force to Focus on Education Funding," Tennessee State Government official site, January 30, 2014, <https://www.tn.gov/news/2014/1/30/haslam-appoints-task-force-to-focus-on-education-funding.html>.
- 9 Hamilton County, Bradley County, McMinn County, Marion County, Grundy County, Coffee County, and Polk County.
- 10 Marta W. Aldrich, "Chronic State Underfunding of Education Spurs Lawsuit by Seven School Districts," Chalkbeat Tennessee, March 25, 2015, <https://tn.chalkbeat.org/2015/3/24/21105554/chronic-state-underfunding-of-education-spurs-lawsuit-by-seven-school-districts>.
- 11 Bill Dries, "Shelby County Schools Join Lawsuit Against State of Tennessee," *Memphis Daily News*, August 31, 2015, <https://www.memphisdailynews.com/news/2015/aug/31/shelby-county-schools-join-lawsuit-against-state-of-tennessee/>.
- 12 Jason Gonzales, "Nashville Schools Board Votes to Join Shelby County Schools in Lawsuit Against State," *The Tennessean*, October 17, 2017, <https://www.schoolfunding.info/news/tn-nashville-schools-board-votes-to-join-shelby-county-schools-in-lawsuit-against-state/>.
- 13 Michael Mount, Emma Johnson, David L. Keiser, and Melissa Brown, *K-12 Public Education Funding and Services: An Interim Report Prepared as the Second Installment of TACIR's Study on Local Government Revenue and Services*, Tennessee Advisory Commission on Intergovernmental Relations, January 2020, [https://www.tn.gov/content/dam/tn/tacir/2020publications/2020\\_K12Financing.pdf](https://www.tn.gov/content/dam/tn/tacir/2020publications/2020_K12Financing.pdf).
- 14 Davidson County Chancery Public Records, <http://www.nashvillechanceryinfo.org/default.aspx>.
- 15 Marta W. Aldrich, "New Education Equity Alliance Launches in Tennessee," Chalkbeat Tennessee, January 25, 2021, <https://tn.chalkbeat.org/2021/1/25/22247462/new-education-equity-alliance-launches-in-tennessee>.
- 16 "Gov. Lee Calls for Review of State Education Funding Formula," Tennessee Department of Education, October 8, 2021, <https://www.tn.gov/education/news/2021/10/8/gov-lee-calls-for-review-of-state-education-funding-formula.html>.
- 17 These 18 subcommittees were focused on: student engagement; students with disabilities and gifted students; ELs; economically disadvantaged and highly mobile students; parent choice and voice; teacher advisory; principal advisory; school system personnel; school system leadership; rural and small districts; suburban districts; municipals and fast-growing communities; urban districts; higher education and postsecondary readiness; chambers of commerce and industry; education foundations; regional collectives and advocacy; fiscal responsibility. "Tennessee K-12 Public Education Funding," Tennessee Department of Education, <https://www.tn.gov/education/tnedufunding.html>.
- 18 "Tennessee K-12 Public Education Funding," Tennessee Department of Education, <https://www.tn.gov/education/tnedufunding.html>.
- 19 Funding for Student Success, "Tennessee's Funding for Student Success: Student-Based Formula," Tennessee Department of Education, <https://www.tn.gov/content/dam/tn/education/2021-funding-engagement/Draft%20Formula%20Overview%20-%20Jan%2011%202021.pdf>.
- 20 Cathryn Stout, "Gov. Lee Proposes \$1 Billion Boost for Tennessee Education," Chalkbeat Tennessee, January 31, 2022, <https://tn.chalkbeat.org/2022/1/31/22911791/tennessee-2022-budget-gov-bill-lee-education-funding-1-billion>.

- 21 Meghan Mangrum, "Gov. Bill Lee Unveils New School Funding Formula Aimed at Focusing Money Directly on Students," *The Tennessean*, February 25, 2022, <https://www.tennessean.com/story/news/education/2022/02/24/tennessee-governor-bill-lee-unveils-new-school-funding-formula/6899796001/>.
- 22 Marta W. Aldrich, "Tennessee Governor Signs Public Education Funding Formula Into Law," Chalkbeat Tennessee, May 2, 2022, <https://tn.chalkbeat.org/2022/5/2/23054374/tisa-bep-school-funding-law-tennessee-governor>.
- 23 Mount et al., "K-12 Public Education Funding and Services."
- 24 "The Basic Education Program," Tennessee State Board of Education, <https://www.tn.gov/sbe/committees-and-initiatives/the-basic-education-program.html#:~:text=The%20funds%20generated%20by%20the%20BEP%20are%20divided%20into%20state,is%20applied%20to%20the%20BEP>.
- 25 Education Law Center, 2021; Ivy Morgan, *Equal Is Not Good Enough: An Analysis of School Funding Equity Across the U.S. and Within Each State*, The Education Trust, December 2022, <https://edtrust.org/wp-content/uploads/2014/09/Equal-Is-Not-Good-Enough-December-2022.pdf>.
- 26 Funding for Student Success, "Bill Breakdown: The Tennessee Investment in Student Achievement (TISA)," Tennessee State Government official site, <https://www.tn.gov/content/dam/tn/education/2021-funding-engagement/TISA%20Overview.pdf>.
- 27 Jason Gonzales, "Gov. Lee Says Tennessee's Education Formula Is Fully Funded. School Officials Say Not So Fast," *The Tennessean*, March 15, 2019, <https://www.tennessean.com/story/news/education/2019/03/15/educators-says-tennessees-bep-formula-doesnt-provide-enough-schools/3143705002/>.
- 28 Mount et al., "K-12 Public Education Funding and Services."
- 29 Aldrich, "New Education Equity Alliance Launches in Tennessee."
- 30 "Gov. Lee Calls for Review of State Education Funding Formula," Tennessee Office of the Governor.

## About the Authors



### CARRIE HAHNEL

Carrie Hahnel is a senior associate partner at Bellwether in the Policy and Evaluation practice area. She can be reached at [carrie.hahnel@bellwether.org](mailto:carrie.hahnel@bellwether.org).



### MAX MARCHITELLO

Max Marchitello is the founder of MVM Consulting and a former senior analyst at Bellwether. He can be reached at [maxmarchitello@gmail.com](mailto:maxmarchitello@gmail.com).



### TITILAYO TINUBU ALI

Titilayo Tinubu Ali is a partner at Bellwether in the Policy and Evaluation practice area. She can be reached at [titilayo.ali@bellwether.org](mailto:titilayo.ali@bellwether.org).

## 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](http://bellwether.org).

## ACKNOWLEDGMENTS

We would like to thank the many individuals who gave their time and shared their knowledge with us to inform our work, including the Walton Family Foundation for its financial support of this project. We would also like to thank the advocates and education leaders who participated in interviews, and the legislative leaders who provided written statements.

We would also like to thank our Bellwether colleagues Montreece Hardy for her support, and Jennifer O’Neal Schiess and Bonnie O’Keefe for their input. Thank you to Alyssa Schwenk, Abby Marco, Andy Jacob, Zoe Campbell, Julie Nguyen, and Amber Walker for shepherding and disseminating this work, and to Super Copy Editors.

The contributions of these individuals and entities significantly enhanced our work; however, any errors in fact or analysis remain the responsibility of the authors.

## 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.

In the context of this case study, Bellwether provided technical advising and data modeling support to the TDOE during the legislative process. Three organizations cited in this case study participated in school finance modeling training Bellwether offered in 2021 (TennesseeCAN, Tennessee SCORE, and the Education Trust). Those two engagements did not overlap. Bellwether has also collaborated with other organizations mentioned in this case study in various capacities not necessarily focused on school finance policy.



© 2023 Bellwether

- © This report carries a Creative Commons license, which permits noncommercial re-use of content when proper attribution is provided. This means you are free to copy, display and distribute this work, or include content from this report in derivative works, under the following conditions:
- ① **Attribution.** You must clearly attribute the work to Bellwether and provide a link back to the publication at [www.bellwether.org](http://www.bellwether.org).
- ② **Noncommercial.** You may not use this work for commercial purposes without explicit prior permission from Bellwether.
- ③ **Share Alike.** If you alter, transform, or build upon this work, you may distribute the resulting work only under a license identical to this one.

For the full legal code of this Creative Commons license, please visit [www.creativecommons.org](http://www.creativecommons.org). If you have any questions about citing or reusing Bellwether content, please contact us.