

HOUSE BILL 146

By Sparks

AN ACT to amend Tennessee Code Annotated, Title 49,
relative to education funding.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 49-3-105(f), is amended by deleting the subsection and substituting the following:

(f)

(1) The department shall promulgate rules in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, to set the direct allocation amounts generated pursuant to this subsection (f). Before the department begins the rulemaking process, the department shall submit the proposed direct allocation amounts to the state board. The state board shall issue a positive, neutral, or negative recommendation for the proposed direct allocation amounts. The state board's recommendation for the proposed direct allocation amounts must be included in the filing of the rule with the office of the secretary of state.

(2) Direct allocation amounts under this subsection (f) are generated based on the amount of square footage of classroom space needed for a student. For the 2025-2026 school year, the direct allocation amounts under this subsection (f) must be based on the formula that was used to calculate the basic education program allocations for capital outlay and cost of operations adjustments in the 2022-2023 school year, adjusted for the rate of inflation.

(g) Funding allocations made pursuant to this section are based on data collected for an LEA during the immediately preceding school year and real-time

enrollment reports that LEAs submit to the department. The department shall establish a process for all LEAs to provide real-time enrollment data to the department. Funding allocations must be adjusted continuously throughout the year in response to the real-time funding reports.

SECTION 2. Tennessee Code Annotated, Section 49-3-107(c), is amended by deleting the second sentence in the subsection and substituting the following:

The infrastructure stipend is a dollar amount based on the number of member students in non-virtual schools in the LEA for the current school year in excess of a two percent (2%) ADM growth in non-virtual schools from the prior year and the amount of square footage of classroom space needed for such member students, based on the formula adopted under § 49-3-105(f), in relation to the LEA's total student population and school building square footage.

SECTION 3. Tennessee Code Annotated, Section 49-3-108(a), is amended by adding the following immediately after the existing language in the subsection:

The distribution schedule must provide that allocations of education funding to LEAs for the state's per student funding for charter school students are made no later than the date by which LEAs are required to pay charter schools for each student.

SECTION 4.

It is the intention of this act that:

(1) The appropriation of state funds for fast growth stipends under § 49-3-107 is increased to ensure that students throughout this state have access to quality education; and

(2) An amount of state funds is appropriated to fully fund fast growth infrastructure stipends.

SECTION 5. This act is not an appropriation of funds, and funds must not be obligated or expended pursuant to this act unless the funds are specifically appropriated by the general appropriations act.

SECTION 6. This act takes effect upon becoming a law, the public welfare requiring it, and applies to the 2025-2026 school year and subsequent school years.