Department of Education

FY27 State Education Budget and Legislative Update

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Spring, 2026 Fiscal Workshops



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Agenda

- FY27 Budget Increases
- FY26 Supplemental Budget Increases
- Legislation of Interest

FY27 State Education Budget

TN Department of Education

FY27 Education Budget Overview

- $9.4 billion budgeted for FY27
  - $7.9 billion state funds
  - $1.4 billion federal funds
  - $0.1 billion other funds
- 98.7% of education dollars flow out to districts and students

FY27 TISA Increase

- TISA increase
  - Increase in base amount to $7,530
  - Educator salary increase
    - Minimum salary in FY27 increases to $50,000 for BS-0
    - Increments for additional degrees or years of experience remain the same
  - Insurance and TCRS increases
  - Inflation
  - ADM changes
  - $145,500,000

FY27 Other Increases

- Summer Learning Camps and Transportation
  - $5,000,000 increase to recurring funding
  - Flexibility in use of funds
    - Transportation flexibility
    - Year-round tutoring
- Paid Parental Leave
  - Reflects increases in salaries and benefits
  - $2,610,400

FY27 Other Increases, continued

- Charter School Facilities Fund
  - $40,000,000
- School Turnaround Program
  - Funds Cohorts 1 and 2 for 1 year
  - Funds one position
  - $484,500
- Education Freedom Scholarship expansion
  - Additional 15,000 scholarships and TISA base increase
  - $117,650,000

FY27 Other Increases, continued

- School Safety Grant
  - $10,000,000

FY26 Supplemental Budget Increases

- Paid Parental Leave
  - To cover FY26 requests – salary and benefit increases over FY25 and lagging district submissions
  - $1,273,400
- Letter Grade Bonus
  - Initial payments pro-rated to fit within $17million appropriation
  - Supplemental appropriation will allow the balance of full award to be paid out prior to June 30
  - $11,000,000

Legislation of Interest

TN Department of Education



2026 Legislative Session

- Approximately 225 education related bills filed
- Half have been taken off notice
- Final number of new laws passed not yet available – General Assembly adjourned April 23
- Several bills worth noting

Legislation of Interest

Passed Legislation - Fiscal Related

TN Department of Education

HB2532 / SB2247 – Funding Floor

- Funding floor changes
  - No changes to funding floor in FY27
  - FY28 and FY29 – receive funds for students who disenroll **and** whose social security number the district has on file
  - FY30 and beyond – receive funds for students who disenroll **and** who receive a scholarship
- Disenroll means that the LEAs non-virtual ADM for the current school year is lower than that of the immediately preceding school year

HB2532 / SB2247 – Funding Floor

- Funding floor amount in FY28 and beyond is the average per pupil state funds received by the LEA in the immediately preceding school year multiplied by the number of students disenrolled
- In FY28 and FY29 districts must report on the reason each student disenrolled
- FY26 TISA allocation becomes the baseline for all future years when calculating the funding floor
- Goes into effect upon becoming law (not yet signed by Governor Lee)

HB2121 / SB2072 – Better Spending, Better Schools

- Requires LEAs and public charter schools to submit a budget and expenditure report to OREA and TDOE by August 1 each year
- Adds requirements to budget and financial report beyond current format
  - Revenue by source, recurring versus non-recurring
  - Expenditures classified as using state, local or federal funds, recurring versus non-recurring
  - Expenditures reported on direct funding categories

HB2121 / SB2072 – Better Spending, Better Schools

- Revenue and expenditures disaggregated by:
  - Recurring and non-recurring
  - State or local or federal
- Reporting on grants
- Reporting on reimbursements received (e.g. Medicaid)
- Goes into effect October 1, 2026 (once signed by governor)

HB2343 / SB2669 – Personal Days for Teachers

- Grants personal and professional leave earned at the rate of 2 days *per semester* for teachers
- Changes the number of sick days to:
  - 8 days for 10-month contract
  - 9 days for 11-month contract
  - 10 days for 12-month contract
- Waiting for governor's signature
- Will go into effect July 1, 2026 when signed

HB2485 / SB2385 – Economically Disadvantaged Students

- Requires TISA Review Committee to:
  - Review how ED students have been identified in the past 10 years
  - Review how other states identify and fund ED students in public schools
  - Include in the annual report recommendations for how this state may review the ways in which it identifies ED students

HB2129 / SB2361 – Pre-K

- Requires TACIR to do a study of pre-K, and present a report and recommendations to the General Assembly by September 1, 2027
  - Statewide inventory of public school administered early childhood education programs
  - Actual costs to LEAs for operating these programs
  - Current funding sources and amounts for each source
  - Comparison to other states' programs
  - Policy recommendations

Legislation of Interest

Passed Legislation - Operations Related

TN Department of Education

HB2393 / SB2310 – Digital Devices

- Requires districts to adopt a policy governing age-appropriate instructional use of digital devices to minimize unnecessary screen time
- Social media would be prohibited during the school day for grades K-5
- Signed by the governor – Public Chapter 808

HB1785 / SB1822 – Private School Students

- Allows students attending a private school with less than 200 students to try out for sports at the public high school to which they would be zoned
- Similar to current law for home school students
- Transmitted to governor for action
- Will go into effect July 1, 2026 when signed

HB2533 / SB2228 – Administration Clean-up

- PPL changes
  - An eligible employee who has been on paid or unpaid leave during their employment with the LEA or public charter school must be considered as having been employed full time during any such period
  - Reimbursement requests must be received by the department within the same fiscal year during which the leave was taken

HB2533 / SB2228 – Administration Clean-up (continued)

- Summer Learning Camps
  - Funds remaining after summer camps end may be used for tutoring throughout the following school year
  - Camps remain the priority for these funds
- Will go into effect July 1, 2026 when signed

HB1857 / SB1960 – Fourth of July

- Would require schools to set aside a day during the school year to celebrate the fourth of July
- Conference Committee report adopted
- Will go into effect upon becoming law

HB2089 / SB2168 – Communism Day

- Requires schools to set aside a day to discuss the impact of communism in countries around the world
- Signed by the governor April 16, 2026 – Public Chapter 757
- Went into effect upon becoming law

Legislation of Interest

Legislation Considered – Not Passed

TN Department of Education

HB226 / SB637 – TISA related

- Would have added additional tiers to small weight
- Less than 1,000 ADM – weight of 6%
- 1,001 – 1,500 – weight of 2%
- No action by General Assembly this year

HB2388 / SB2188 – Carroll County

- Addressed virtual schools in specific multi-system counties and the calculation of the weighted full-time equivalent average daily attendance (WFTEADA)
- Would have removed virtual students not residing in Carroll County from the ADM count of the virtual school
- No action taken by General Assembly this year

HB0088 / SB0184 – Instructional Supplies

- Would have increased to $500 the amount allocated to teachers for classroom supplies
- Would have required an appropriation by the General Assembly
- No action by the General Assembly this year

HB1675 / SB1715 – Nurses' Salaries

- Would have placed nurses on teacher salary schedules
- No action by General Assembly this year

Resources

TN Department of Education

Resources

- State Budget
  - https://www.tn.gov/finance/fa/fa-budget-information.html
- Tennessee General Assembly
  - https://capitol.tn.gov/



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