



HOUSE BILL 2121

By Williams

AN ACT to amend Tennessee Code Annotated, Title 4;
Title 8; Title 49 and Title 67, relative to education.

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

SECTION 1. This act is known and may be cited as the "Better Spending, Better Schools Act of 2026."

SECTION 2. Tennessee Code Annotated, Title 49, Chapter 3, Part 1, is amended by adding the following as a new section:

(a) Each LEA and public charter school shall submit an expenditure report to the office of research and education accountability (OREA) in the office of the comptroller of the treasury and to the department of education by August 1 each year.

(b) The department shall develop the standardized form that must be used by each LEA and public charter school to report expenditures made in the immediately preceding school year in each of the following categories:

(1) Instructional costs, including, but not limited to, all compensation paid to classroom teachers and instructional aides, and the cost of any instructional materials or technology or software purchased that directly supports instruction;

(2) Student support service costs, including, but not limited to, counseling services, mental health services, services provided by social workers, and other costs associated with student well-being supports or services provided;

(3) School administrative costs, including, but not limited to, principal salaries, assistant principal salaries, instructional leader salaries, salaries paid to any other school administrators, salaries paid to administrative office staff, and

the costs associated with the administrative office operations at each school in the LEA or at the public charter school, as applicable;

(4) District administrative costs, if applicable, including, but not limited to, all compensation paid to the director of schools and central office staff, any expenses paid for the local board of education, and the costs associated with the administrative office operations for the district or school board office;

(5) Operation and maintenance costs, including, but not limited to, the costs of operating, maintaining, and updating facilities, utility costs, security costs, custodial service costs, and the costs of providing student transportation;

(6) Professional development costs, including, but not limited to, trainings, workshops, and certification programs for educators and staff; and

(7) Expenditures made using direct allocations to the LEA or public charter school, including, but not limited to, the costs of literacy services and programs for students in grades kindergarten through three (K-3), tutoring services for fourth-grade students, career and technical education, postsecondary readiness assessments, and public charter school facilities.

(c) The department shall make the expenditure report submitted by each LEA and public charter school publicly available by posting the report on the state report card. The department shall also include on the state report card the total amount of state funds appropriated to each LEA and public charter school through the TISA, as well as the required local contribution for the respective school year.

SECTION 3. This act takes effect upon becoming a law, the public welfare requiring it.

Amendment No. 1 to HB2121

White
Signature of Sponsor

AMEND Senate Bill No. 2072*

House Bill No. 2121

by deleting all language after the enacting clause and substituting instead the following:

SECTION 1. This act is known and may be cited as the "Better Spending, Better Schools Act of 2026."

SECTION 2. Tennessee Code Annotated, Title 49, Chapter 3, Part 1, is amended by adding the following as a new section:

(a) Each LEA and public charter school shall submit to the office of research and education accountability (OREA) in the office of the comptroller of the treasury and to the department of education by August 1 each year:

- (1) A planning and budgetary report for the upcoming school year; and
- (2) An expenditure report for the immediately preceding school year.

(b) The department shall develop the standardized forms that must be used by each LEA and public charter school to comply with the requirements of subsection (a).

(c) The standardized form developed by the department for purposes of subdivision (a)(1) must require each LEA and public charter school to provide the following information on its planning and budgetary report:

(1) The budget adopted by local legislative body for the LEA or by the governing body of the public charter school for the upcoming school year;

(2) Revenue estimates for the LEA or public charter school for the upcoming school year, disaggregated by the type and source of all estimated revenue, designating whether the estimated revenue source is local, state, or federal and whether the estimated revenue is recurring or nonrecurring; and

(3) Projected expenditures by the LEA or public charter school for the upcoming school year in each of the categories identified in subdivision (d)(1), disaggregated by the type and source of the estimated revenue projected by the LEA or public charter school to be used for such purposes, designating whether the estimated revenue source is local, state, or federal and whether the estimated revenue is recurring or nonrecurring.

(d)

(1) The standardized form developed by the department for purposes of subdivision (a)(2) must require each LEA and public charter school report expenditures made by the LEA or public charter school in the immediately preceding school year in each of the following categories:

(A) Instructional costs, including, but not limited to, the cost of any instructional materials, equipment, technology, or software purchased by the LEA or public charter school that directly supports instruction;

(B) Personnel costs, including, but not limited to, the salaries, benefits, and other compensation paid and provided to classroom teachers, instructional aides, principals, assistant principals, instructional leaders, other school administrators, administrative office staff, the director of schools, and central office staff, as applicable;

(C) Student support service costs, including, but not limited to, counseling services, mental health services, services provided by social workers, and all other costs associated with providing student well-being supports, services, programs, or resources;

(D) School administrative costs, including, but not limited to, the costs associated with the administrative office operations at each school in the LEA or at the public charter school, as applicable;

(E) District administrative costs, if applicable, including, but not limited to, any costs or expenses of the local board of education, and the costs associated with all other administrative office operations;

(F) Operation and maintenance costs, including, but not limited to, the costs of operating, maintaining, and updating facilities and utilities, and the costs of providing school security, custodial services, and any costs associated with providing student transportation;

(G) Professional development costs, including, but not limited to, trainings, workshops, and certification programs for educators and staff; and

(H) Expenditures made using direct allocations to the LEA or public charter school, including, but not limited to, the costs of providing literacy services and programs for students in any of the grades kindergarten through three (K-3), tutoring services for fourth-grade students, career and technical education, postsecondary readiness assessments, and public charter school facilities.

(2) The information reported by an LEA or public charter school in each of the categories listed in subdivision (d)(1) must be disaggregated by the type and source of the revenue used for each reported expenditure, designating for each expenditure whether the revenue source is local, state, or federal and whether the revenue is recurring or nonrecurring.

(3) The standardized form developed by the department for purposes of subdivision (a)(2) must also require each LEA and public charter school to report:

(A) The total amount of all grants received by the LEA or public charter school in the immediately preceding school year, disaggregated by the type and source of each grant received, designating for each grant whether it was provided by the federal, state, or a local government, or by

a private third party or other charitable organization or association, and whether the grant is available to, and will be applied for or pursued by, the LEA or public charter school in the upcoming school year; and

(B) The total amount of all reimbursements received by the LEA or public charter school in the immediately preceding school year, including, but not limited to, reimbursements received through the state medicaid program, disaggregated by the type and source of each reimbursement received, designating for each reimbursement whether it was provided by the federal, state, or a local government, or by a private third party or other charitable organization or association, and whether the reimbursement is available to, and will be applied for or pursued by, the LEA or public charter school in the upcoming school year.

(e) The department shall make the reports submitted by each LEA and public charter school pursuant to this section publicly available by posting the reports on the state report card. The reports submitted pursuant to this section must be included on the state report card for each LEA and public charter school for no less than two (2) consecutive school years. The department shall also include on the state report card:

(1) The total amount of state funds appropriated to each LEA and public charter school through the TISA, as well as the required local contribution for the respective school year; and

(2) The total indebtedness of the LEA or public charter school as of the last school day of the respective school year, disaggregated by the type, term, and purpose of each debt obligation. For purposes of this subdivision (e)(2), the total indebtedness of an LEA or public charter school includes, but is not limited to, any outstanding bonds issued the local governing body that serves as the local funding body for the LEA or public charter school, as well as all loans,

lease-purchase agreements, and any other debt instruments executed by, or on behalf of, the LEA or public charter school.

(f) The department shall, by policy, establish reporting standards, define data categories for reporting purposes, provide technical assistance to LEAs and public charter schools, and establish submission procedures and timelines for consistent, efficient, and accurate reporting for purposes of this section. Notwithstanding title 4, chapter 5 to the contrary, neither the department nor the state board of education is required to promulgate rules to comply with the requirements of this subsection (f).

SECTION 3. For purposes of developing and adopting policies, this act takes effect upon becoming a law, the public welfare requiring it. For all other purposes, this act takes effect October 1, 2026, the public welfare requiring it.

Amendment No. 2 to HB2121

Johnson
Signature of Sponsor

AMEND Senate Bill No. 2072*

House Bill No. 2121

by deleting all language after the enacting clause and substituting instead the following:

SECTION 1. This act is known and may be cited as the "Better Spending, Better Schools Act of 2026."

SECTION 2. Tennessee Code Annotated, Title 49, Chapter 3, Part 1, is amended by adding the following as a new section:

(a) As used in this section, "private school" means a:

(1) Participating school, as defined in § 49-6-2602 or § 49-10-1402; or

(2) Private school that enrolls recipients, as those terms are defined in § 49-6-3502.

(b) Each LEA, public charter school, and private school shall submit to the office of research and education accountability (OREA) in the office of the comptroller of the treasury and to the department of education by August 1 each year:

(1) A planning and budgetary report for the upcoming school year; and

(2) An expenditure report for the immediately preceding school year.

(c) The department shall develop the standardized forms that must be used by each LEA, public charter school, and private school to comply with the requirements of subsection (b).

(d) The standardized form developed by the department for purposes of subdivision (b)(1) must require each LEA, public charter school, and private school to provide the following information on its planning and budgetary report:

(1) The budget adopted for the LEA, public charter school, or private school for the upcoming school year;

(2) Revenue estimates for the LEA, public charter school, or private school for the upcoming school year, disaggregated by the type and source of all estimated revenue, designating whether the estimated revenue source is local, state, or federal and whether the estimated revenue is recurring or nonrecurring; and

(3) Projected expenditures by the LEA, public charter school, or private school for the upcoming school year in each of the categories identified in subdivision (e)(1), disaggregated by the type and source of the estimated revenue projected by the LEA, public charter school, or private school to be used for such purposes, designating whether the estimated revenue source is local, state, federal, or private and whether the estimated revenue is recurring or nonrecurring.

(e)

(1) The standardized form developed by the department for purposes of subdivision (b)(2) must require each LEA, public charter school, and private school report expenditures made by the LEA, public charter school, or private school in the immediately preceding school year in each of the following categories:

(A) Instructional costs, including, but not limited to, the cost of any instructional materials, equipment, technology, or software purchased by the LEA, public charter school, or private school that directly supports instruction;

(B) Personnel costs, including, but not limited to, the salaries, benefits, and other compensation paid and provided to classroom teachers, instructional aides, principals, assistant principals, instructional

leaders, other school administrators, administrative office staff, the director of schools or head of the private school, and central office staff, as applicable;

(C) Student support service costs, including, but not limited to, counseling services, mental health services, services provided by social workers, and all other costs associated with providing student well-being supports, services, programs, or resources;

(D) School administrative costs, including, but not limited to, the costs associated with the administrative office operations at each LEA, public charter school, or private school, as applicable;

(E) Administrative costs, if applicable, including, but not limited to, any costs or expenses of the governing board, and the costs associated with all other administrative office operations;

(F) Operation and maintenance costs, including, but not limited to, the costs of operating, maintaining, and updating facilities and utilities, and the costs of providing school security, custodial services, and any costs associated with providing student transportation;

(G) Professional development costs, including, but not limited to, trainings, workshops, and certification programs for educators and staff;
and

(H) Expenditures made using direct allocations to the LEA or public charter schools, including, but not limited to, the costs of providing literacy services and programs for students in any of the grades kindergarten through three (K-3), tutoring services for fourth-grade students, career and technical education, postsecondary readiness assessments, and public charter school facilities.

(2) The information reported by an LEA, public charter school, or private school in each of the categories listed in subdivision (e)(1) must be disaggregated by the type and source of the revenue used for each reported expenditure, designating for each expenditure whether the revenue source is local, state, federal, or private and whether the revenue is recurring or nonrecurring.

(3) The standardized form developed by the department for purposes of subdivision (b)(2) must also require each LEA, public charter school, and private school to report:

(A) The total amount of all grants received by the LEA, public charter school, or private school in the immediately preceding school year, disaggregated by the type and source of each grant received, designating for each grant whether it was provided by the federal, state, or a local government, or by a private third party or other charitable organization or association, and whether the grant is available to, and will be applied for or pursued by, the LEA, public charter school, or private school in the upcoming school year; and

(B) The total amount of all reimbursements received by the LEA, public charter school, or private school in the immediately preceding school year, including, but not limited to, reimbursements received through the state medicaid program, disaggregated by the type and source of each reimbursement received, designating for each reimbursement whether it was provided by the federal, state, or a local government, or by a private third party or other charitable organization or association, and whether the reimbursement is available to, and will be applied for or pursued by, the LEA, public charter school, or private school in the upcoming school year.

(f) The department shall make the reports submitted by each LEA, public charter school, and private school pursuant to this section publicly available by posting the reports on the state report card. The reports submitted pursuant to this section must be included on the state report card for each LEA, public charter school, and private school for no less than two (2) consecutive school years. The department shall also include on the state report card:

(1) The total amount of state funds appropriated to each LEA or public charter school through the TISA, as well as the required local contribution for the respective school year; and

(2) The total indebtedness of the LEA, public charter school, or private school as of the last school day of the respective school year, disaggregated by the type, term, and purpose of each debt obligation. For purposes of this subdivision (f)(2), the total indebtedness of an LEA, public charter school, or private school includes, but is not limited to, any outstanding bonds issued the local governing body that serves as the local funding body for the LEA or public charter school, as well as all loans, lease-purchase agreements, and any other debt instruments executed by, or on behalf of, the LEA, public charter school, or private school.

(g) The department shall, by policy, establish reporting standards, define data categories for reporting purposes, provide technical assistance to LEAs, public charter schools, and private schools, and establish submission procedures and timelines for consistent, efficient, and accurate reporting for purposes of this section. Notwithstanding title 4, chapter 5 to the contrary, neither the department nor the state board of education is required to promulgate rules to comply with the requirements of this subsection (g).

SECTION 3. For purposes of developing and adopting policies, this act takes effect upon becoming a law, the public welfare requiring it. For all other purposes, this act takes effect October 1, 2026, the public welfare requiring it.