



HOUSE BILL 2177

By Slater

AN ACT to amend Tennessee Code Annotated, Title 9; Title 49, Chapter 13; Title 49, Chapter 2; Title 49, Chapter 3 and Title 49, Chapter 1, Part 3, relative to public education.

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

SECTION 1. Tennessee Code Annotated, Section 49-1-301(a)(6), is amended by deleting the last sentence of the subsection and substituting:

The student member must be appointed each year from nominees submitted by the local board of education in each school system at each board's discretion or from nominees submitted by a public charter school governing body to the Tennessee public charter school commission, with no more than one (1) student being nominated by the commission and no more than one (1) student from each school system being nominated, and with the students having reached their junior or senior year in high school. This subdivision (a)(6) does not prevent a local board of education from nominating, as its singular nomination, a student who is enrolled in a public charter school authorized by the local board.

SECTION 2. Tennessee Code Annotated, Section 49-2-112(a), is amended by adding the following as a new subdivision:

(3) If a school has less than fifty thousand dollars (\$50,000) in combined total funds from the internal school fund and student activity fund, as described in § 49-2-110, then the school is not required to conduct a separate audit for each of those funds. This subdivision (a)(3) does not exempt a school from conducting an audit of internal school funds or student activity funds as part of a general school audit required pursuant to subdivision (a)(1) or (a)(2).

SECTION 3. Tennessee Code Annotated, Section 49-3-316(a), is amended by deleting subdivisions (2)-(6) and substituting:

(2) Each LEA shall, within thirty (30) days after the beginning of each fiscal year, submit to the commissioner a complete and certified copy of its entire school budget for the current school year that is signed by the director of schools and the local legislative body that serves as the funding body for the LEA.

(3) A local legislative body shall make records related to the local revenue collections used to fund public schools in the city or county available upon the request of the LEA or a public charter school operating in the county or city that is funded by the local legislative body.

(4) Each LEA shall, on or before October 1 of each year, submit to the commissioner a correct and accurate financial report of the receipts and expenditures for public school purposes in the LEA during the school year ending on June 30 next preceding the October 1 set forth in this subdivision (a)(4) that is signed by the director of schools and the school district's local legislative body.

(5) Each LEA shall deliver to the commissioner, within ten (10) days of receiving the audit report, a copy of the audit report required by law to be made of the school funds of the LEA.

(6) If an LEA fails to submit a financial report pursuant subdivision (a)(4) before December 1 of the following fiscal year, then notwithstanding another law to the contrary, the per-pupil funding allocated to charter schools located in the geographic boundaries of the LEA pursuant to § 49-13-112 shall not decrease.

(7) A distribution of state funds must not be made to any LEA that has not furnished the commissioner with all records and reports required by this part and by other laws for the current or the preceding school year.

(8) Any records or reports provided to the commissioner by any LEA must be made available to the comptroller of the treasury upon request.

SECTION 4. Tennessee Code Annotated, Section 49-13-105, is amended by adding the following as a new subsection:

(p) The commission may require an LEA to contract with the commission to provide school support or student support services for any public charter school authorized by the commission that is located in the geographic boundaries of the LEA for special education services and educational placements, alternative schools, or student assessment for special education eligibility that are compliant with all laws and regulations governing such services. The LEA shall not be required to develop new school support or student support services for purposes of entering into a contract with the commission in accordance with this subsection (p). In such cases, the contract developed must address the terms and conditions of these services, and the commission shall reimburse the actual cost to the LEA providing such services.

SECTION 5. Tennessee Code Annotated, Section 49-13-113(d), is amended by deleting subdivision (4) and substituting:

(4) If an enrollment lottery is conducted, a public charter school shall give enrollment preferences in the order established in a lottery policy that is approved by the public charter school's governing body. The lottery policy approved pursuant to this subdivision (d)(4) must determine the order of the following enrollment preferences:

(A) Students enrolled in a pre-kindergarten program operated by the charter school sponsor;

(B) Students who are economically disadvantaged as provided in subdivision (d)(5), if the enrollment preference is used by the public charter school;

(C) Students enrolled in another charter school that has an articulation agreement with the enrolling public charter school; provided, that the articulation agreement has been approved by the authorizer;

(D) Siblings of students already enrolled in the public charter school;

(E) Students residing within the geographic boundaries of the LEA in which the public charter school is located who were enrolled in another public school during the previous school year; and

(F) Students residing outside the geographic boundaries of the LEA in which the public charter school is located; provided, the enrollment preference in this subdivision (d)(4)(F) is the last enrollment preference.

SECTION 6. Tennessee Code Annotated, Section 49-13-121, is amended by adding the following as a new subsection:

(e)

(1) If a public charter school has met or exceeded standards on at least seventy-five percent (75%) of the indicators in each section of the school performance framework, adopted pursuant to § 49-13-143, in each of the three (3) immediately preceding school years; has attained a school composite level of "above expectations" or "significantly above expectations" as represented by the Tennessee Value-Added Assessment System (TVAAS) developed pursuant to chapter 1, part 6 of this title and guidelines adopted by the state board of education pursuant to chapter 1, part 3 of this title, in each of the three (3) immediately preceding schools years; and has had no significant audit findings during the term of the current charter agreement, then the public charter school is deemed as a high-performing public charter school.

(2) Notwithstanding this section to the contrary, an authorizer that receives a high-performing public charter school renewal application, developed by the state board, from a high-performing public charter school pursuant to this section shall automatically approve the high-performing public charter school for renewal.

(3) No later than ten (10) days after an authorizer approves a high-performing public charter school for renewal, the authorizer shall report the approval to the department of education and commission and include in the report that the approval is pursuant to this subsection (e).

SECTION 7. Tennessee Code Annotated, Section 49-13-108(a), is amended by adding ", subject to § 49-13-108(e)," after "renewal".

SECTION 8. Tennessee Code Annotated, Section 49-13-121(a), is amended by designating the subsection as subdivision (a)(2) and adding the following as a new subdivision:

(1) Each authorizer shall adopt a public charter school renewal policy that outlines the performance standards and procedures that will be used for approval or denial for public charter school renewal in accordance with this section. The performance standards must be aligned to the authorizer's school performance framework required under § 49-13-143. Authorizers shall annually notify each of their authorized public charter schools of whether the public charter school is "on-track" or "off-track" for renewal and publish the status of each public charter school in the annual authorizing report required under § 49-13-120(b).

SECTION 9. Tennessee Code Annotated, Section 49-13-127(b), is amended by adding the following as a new subdivision:

(4) If a public charter school has less than fifty thousand dollars (\$50,000) in combined total funds from the internal school fund and student activity fund, as

described in § 49-2-110, then the governing body of the public charter school is not required to conduct a separate audit for each of those funds. This subdivision (b)(4) does not exempt a public charter school from auditing internal school funds or student activity funds as part of a general school audit required pursuant to subdivision (b)(1).

SECTION 10. Tennessee Code Annotated, Section 49-13-137, is amended by deleting the section and substituting:

(a) A governing body that has at least one (1) local board of education authorized public charter school that has been in operation for at least three (3) full school years may submit a replication application, developed by the state board of education, through the application process outlined in §§ 49-13-107 and 49-13-108.

(b)

(1) A governing body that has at least one (1) public charter school authorized by the commission that has been in operation for at least three (3) full school years may apply for replication in the LEA in which the governing body is currently operating as a commission-authorized public charter school directly to the:

(A) Commission; or

(B) Local board of education for the LEA in which the governing body is currently operating a commission-authorized public charter school by submitting a replication application, developed by the state board of education, through the application process outlined in §§ 49-13-107 and 49-13-108.

(2) If a sponsor for replication chooses to apply directly to the commission, the application process must be in accordance with §§ 49-13-107 and 49-13-108 and the following:

(A) The commission shall rule by resolution, at a regular or specially called meeting, to approve or deny a replication application no later than ninety (90) days after the commission's receipt of the completed application. If the commission fails to approve or deny a replication application within the ninety-day time period prescribed in this subdivision (b)(2)(A), then the replication application is deemed approved;

(B) If the commission denies an application, then the commission's grounds for denial must be stated in writing and must specify objective reasons for the denial. The sponsor has thirty (30) days from date of receipt of denial to submit an amended application to correct the deficiencies. The commission must approve or deny the amended application no later than sixty (60) days after the commission's receipt of the amended application. If the commission fails to approve or deny the amended application within sixty (60) days, then the amended application is deemed approved;

(C) The commission's decision is final and is not subject to appeal; and

(D) If the commission approves an application, then the commission is the authorizer and the LEA for that public charter school.

(c) Notwithstanding this chapter to the contrary, the commission may promulgate rules for the authorization of replication applications submitted to the commission pursuant to this section. The rules must be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

SECTION 11. Section 5 of this act takes effect upon becoming a law, the public welfare requiring it. All other sections of this act take effect July 1, 2026, the public welfare requiring it.

Amendment No. 1 to HB2177

White
Signature of Sponsor

AMEND Senate Bill No. 2351

House Bill No. 2177*

by deleting Section 3 and substituting:

SECTION 3. Tennessee Code Annotated, Section 49-3-316(a), is amended by deleting subdivisions (2)-(6) and substituting:

(2) Each LEA shall, within thirty (30) days after the beginning of each fiscal year, submit to the commissioner a complete and certified copy of its entire school budget for the current school year that is signed by the director of schools and the local legislative body that serves as the funding body for the LEA.

(3) A local legislative body shall make records related to the local revenue collections used to fund public schools in the city or county available upon the request of the LEA or a public charter school operating in the county or city that is funded by the local legislative body.

(4) Each LEA shall, on or before October 1 of each year, submit to the commissioner a correct and accurate financial report of the receipts and expenditures for all public school purposes in the LEA during the school year ending on June 30 immediately preceding the October 1 report date set forth in this subdivision (a)(4) that is signed by the director of schools and the school district's local legislative body.

(5) Each LEA shall deliver to the commissioner, within ten (10) days of receiving the audit report, a copy of the audit report required by law to be made of the school funds of the LEA.

(6) Notwithstanding another law to the contrary, any submission of, or revision to, an LEA's financial report required under subdivision (a)(4) made after December 1

must not decrease the per-pupil funding allocated to public charter schools located in the geographic boundaries of the LEA pursuant to § 49-13-112.

(7) A distribution of state funds must not be made to any LEA that has not furnished the commissioner with all records and reports required by this part and by other laws for the current or the preceding school year.

(8) Any records or reports provided to the commissioner by any LEA shall be made available to the comptroller of the treasury upon request.

AND FURTHER AMEND by deleting Section 10 and substituting:

SECTION 10. Tennessee Code Annotated, Section 49-13-137, is amended by deleting the section and substituting:

(a) A governing body that has at least one (1) public charter school authorized by a local board of education or the commission that has been in operation for at least three (3) full school years may submit a replication application, developed by the state board of education, to a local board of education through the application process outlined in §§ 49-13-107 and 49-13-108.

(b)

(1) A governing body that has at least one (1) public charter school authorized by the commission that has been in operation for at least three (3) full school years may apply for replication in the LEA in which the governing body is currently operating as a commission-authorized public charter school directly to the commission.

(2) If a sponsor for replication chooses to apply directly to the commission, then the application process must be in accordance with §§ 49-13-107 and 49-13-108 and the following:

(A) The commission shall rule by resolution, at a regular or specially called meeting, to approve or deny a replication application no later than ninety (90) days after the commission's receipt of the completed

application. If the commission fails to approve or deny a replication application within the ninety-day time period prescribed in this subdivision (b)(2)(A), then the replication application is deemed approved;

(B) If the commission denies an application, then the commission's grounds for denial must be stated in writing and must specify objective reasons for the denial. The sponsor has thirty (30) days from the date of receipt of denial to submit an amended application to correct the deficiencies. The commission must approve or deny the amended application no later than sixty (60) days after the commission's receipt of the amended application. If the commission fails to approve or deny the amended application within sixty (60) days, then the amended application is deemed approved;

(C) The commission's decision is final and is not subject to appeal; and

(D) If the commission approves an application, then the commission is the authorizer and the LEA for that public charter school.

(c) Notwithstanding this chapter to the contrary, the commission may promulgate rules for the authorization of replication applications submitted to the commission pursuant to this section. The rules must be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

AND FURTHER AMEND by deleting Section 7 and substituting:

SECTION 7. Tennessee Code Annotated, Section 49-13-108(a), is amended by adding ", subject to § 49-13-121(e)," after "renewal".