



**SENATE BILL 714**

**By Taylor**

**AN ACT to amend Tennessee Code Annotated, Title 4;  
Title 5; Title 6; Title 7 and Title 49, relative to  
education.**

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

**SECTION 1.** Tennessee Code Annotated, Section 49-50-1602(a)(4), is amended by deleting "October 31" and substituting "October 1".

**SECTION 2.** This act takes effect upon becoming a law, the public welfare requiring it.

Amendment No. 3 to SB0714

Taylor  
Signature of Sponsor

**AMEND Senate Bill No. 714**

**House Bill No. 662\***

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

SECTION 1. Tennessee Code Annotated, Title 49, Chapter 1, Part 6, is amended by adding the following as a new section:

**49-1-621. State interventions for certain underperforming school districts.**

(a) An LEA, excluding the achievement school district, is subject to the state interventions described in subsections (b) and (c), if:

(1) Fifty percent (50%) or more of the LEA's student population:

(A) Is economically disadvantaged, as reported in the state report card most recently issued by the department of education; and

(B) Did not meet grade-level expectations in mathematics and English language arts on the most recently administered Tennessee comprehensive assessment program tests, including end-of-course examinations; and

(2) At least one (1) school managed and controlled by the LEA's local board of education has been identified as a priority school on each of the last five (5) priority school lists issued pursuant to § 49-1-602.

(b)

(1) If one (1) or more LEAs meet the description in subsection (a), then the commissioner of education shall notify, in writing, the local board of education for each LEA described in subsection (a), the governor, the speaker of the senate, and the speaker of the house of representatives that an advisory board

of managers must be appointed for the LEA pursuant to this subsection (b). An advisory board appointed pursuant to this subsection (b) must be in place for each LEA described in subsection (a) no later than July 1 immediately following the date of the commissioner's written notice.

(2) An advisory board of managers is created for each LEA described in subsection (a) that consists of the following members, each of whom must reside in the county in which the LEA is located:

(A) Three (3) members appointed by the governor;

(B) Two (2) members appointed by the speaker of the senate;

(C) Two (2) members appointed by the speaker of the house of representatives;

(D) The mayor of the county in which the LEA is located, or the county mayor's designee; and

(E) If applicable, the mayor of the city in which the LEA is located, or the city mayor's designee.

(3) In making appointments to an advisory board, the governor, the speaker of the senate, and the speaker of the house of representatives shall appoint members with relevant experience in education, finance, facilities, health, management, data, or evaluations and shall consider appointing members who:

(A) Are academic employees of an institution of higher education located in the county in which the LEA is located, if applicable;

(B) Are leaders in the community served by the LEA, including business leaders in the county in which the LEA is located;

(C) Have experience working with local philanthropies; or

(D) Have experience in education, building and facility management, budgeting and finance, or data collection and evaluation.

(4)

(A) The respective appointing authority may remove a member from an advisory board at the appointing authority's sole discretion.

(B) A vacancy created on an advisory board must be filled by the respective appointing authority to serve until the board terminates.

(5)

(A) An advisory board of managers must remain in place for no less than four (4) years. If the commissioner determines that the LEA has not made sufficient progress toward improving the LEA's academic performance after four (4) years, then the commissioner may allow the advisory board to remain in place for up to two (2) additional years.

(B) An advisory board is terminated and ceases to exist upon the commissioner's determination that the LEA has made sufficient progress toward improving the LEA's academic performance, but not before the advisory board has been in place for four (4) years.

(6) An advisory board of managers shall annually conduct a comprehensive needs assessment of the LEA to examine and determine the factors that may be causing or contributing to the LEA meeting the description in subsection (a). In conducting each comprehensive needs assessment, the advisory board shall:

(A) Identify the number of teachers employed by the LEA who:

(i) Teach a course or grade level for which the teacher holds the required educator license or endorsement;

(ii) Hold an emergency teaching credential issued by the department of education or state board of education; and

(iii) Have three (3) or more years of teaching experience;

(B) Calculate, from the total number of teachers and principals employed by the LEA, the number who earned a level of overall

effectiveness score on their most recent annual evaluation conducted pursuant to § 49-1-302 in each of the following categories:

- (i) Significantly below expectations;
- (ii) Below expectations;
- (iii) At expectations;
- (iv) Above expectations; and
- (v) Significantly above expectations;

(C) Determine the teacher retention rate for the LEA;

(D) Ascertain whether the LEA is complying with the maximum class size and average class size requirements in § 49-1-104, including the number of any maximum class size or average class size waivers approved for the LEA by the commissioner;

(E) Evaluate the quality, quantity, format, availability, and appropriateness of the textbooks, instructional materials, supplemental instructional materials, and curricula selected for, and used in, the public schools managed and controlled by the LEA's local board of education;

(F) Identify the parental involvement strategies, if any, utilized by the LEA and the effectiveness of any such strategies;

(G) Evaluate the capacity, quality, and effectiveness of the mentoring program provided by the LEA for:

(i) Newly licensed teachers; and

(ii) Experienced teachers who have less than two (2) years of experience teaching the subject area or grade level for which the teacher is assigned;

(H) Examine the professional development opportunities made available for, and those provided to, teachers employed by the LEA;

(I) Conduct a demographic analysis of the student population served by the LEA, including all at-risk and special education populations;

(J) Review all available information related to student and teacher disciplinary incidents, issues, reports, and complaints, as well as all school-safety-related issues, incidents, and threats;

(K) Review all financial statements and accounting practices;

(L) Examine the needs, costs, and usage of all buildings and facilities owned or operated by the LEA, including all maintenance needs;

(M) Identify any grant opportunities available to the LEA that may serve to improve areas of insufficient performance; and

(N) Review any other information, records, statistics, policies, and practices available to the advisory board that the advisory board deems relevant to identifying areas of insufficient performance or need in order to improve the LEA's performance. The local board of education for the LEA and each public school managed and controlled by the local board shall provide the advisory board with all information requested by the advisory board for purposes of conducting the comprehensive needs assessment or developing recommendations for the transformation plan. If the local board does not provide the advisory board with the information requested within sixty (60) days of the request, then the advisory board shall notify the commissioner of education and the commissioner shall withhold all or a portion of the state education funds that the LEA is otherwise eligible to receive until the local board complies with the advisory board's request.

(7) The initial comprehensive needs assessment required in subdivision (b)(6) must be completed no later than October 1 or ninety (90) days from the date of the advisory board of manager's first meeting, whichever occurs first.

(8) Based on the findings of the comprehensive needs assessment, the advisory board of managers shall develop and recommend to the LEA's local board of education a transformation plan that identifies performance and operational goals for the LEA, benchmarks for assessing the LEA's progress toward meeting such goals, and that is designed, at a minimum, to:

(A) Optimize the education funding available to the LEA, including TISA funding, federal and state grant funding, and local funding;

(B) Provide greater opportunities for students to complete workforce credentials and career and technical education programs;

(C) Lower the chronic absenteeism rate for the LEA;

(D) Improve or expand early childhood literacy opportunities; and

(E) Identify student supports to improve academic outcomes.

(9) The advisory board of managers shall annually review and update the transformation plan for the LEA developed pursuant to subdivision (b)(8) and shall submit the revised plan to the local board of education.

(10)

(A)

(i) Notwithstanding title 8, chapter 44, and except as provided in this subdivision (b)(10)(A), meetings of an advisory board of managers are closed to the public. An advisory board of managers shall conduct a meeting open to the public in accordance with title 8, chapter 44, to adopt the advisory board's recommendations to the local board of education as provided in this subsection (b), to report the results of a comprehensive needs assessment conducted by the advisory board, and to adopt a transformation plan or a revised transformation plan.

(ii) If applicable, an advisory board shall comply with the Family Educational Rights and Privacy Act (20 U.S.C. § 1232g); § 10-7-504; the Data Accessibility, Transparency, and Accountability Act, compiled in chapter 1, part 7 of this title.

(B) An advisory board of managers may hold meetings in buildings or facilities owned or operated by the LEA.

(C) Members of an advisory board of managers are compensated in the same manner as members of the LEA's local board of education. A member who is receiving compensation from the county or city for which the local legislative body serves as the local funding body for the LEA is not entitled to receive additional compensation for serving on the advisory board pursuant to this subdivision (b)(10)(C).

(D) An advisory board of managers may hire up to three (3) staff members to assist the board. The advisory board shall determine the amount of the salary or compensation paid to each staff member. The local legislative body that serves as the local funding body for the LEA shall pay the salary or compensation for each staff member employed.

(11) An advisory board of managers shall submit to the local board of education recommendations for any item on the agenda for a meeting of the local board of education that the advisory board deems relevant to improving the LEA's academic performance. Any recommendations made by the advisory board pursuant to this subdivision (b)(11) must be read into the minutes of the local board meeting and must be made publicly available.

(12) An advisory board shall, upon the request of the commissioner of education, assist the commissioner in evaluating the performance of one (1) or more members of the local board of education or the director of schools to inform a recommendation of removal by the commissioner pursuant to subsection (c).

(13) Notwithstanding § 49-2-203 or another law to the contrary, the local board of education for an LEA for which an advisory board of managers is appointed pursuant to this subsection (b):

(A) Shall not enter into, renew, or amend any contracts with a total value of fifty thousand dollars (\$50,000) or more until the contract or contract amendment has been submitted to the advisory board for its review and recommendation, and, if applicable, approved by the local legislative body pursuant to subdivision (b)(13)(A)(ii). The local board shall submit the proposed contract or contract amendment to the advisory board no less than fifteen (15) business days before the contract or contract amendment is to be approved, adopted, or ratified by the local board. The advisory board shall review the proposed contract or contract amendment and shall:

(i) Recommend approval of the proposed contract or contract amendment to the local board, which must be read into the minutes of the local board meeting at which the contract or contract amendment is adopted, approved, or ratified, and made publicly available; or

(ii) Recommend that the proposed contract or contract amendment be submitted to the local legislative body that serves as the local funding body for the LEA for review and approval. If the advisory board recommends that the proposed contract or contract amendment be submitted to the local legislative body, then the local board shall submit the proposed contract or contract amendment to the local legislative body no later than five (5) business days from the date on which the advisory board issued its recommendation. The local legislative body shall review and

approve or reject the proposed contract or contract amendment. If the local legislative body rejects the proposed contract or contract amendment, then the local board shall not enter into, renew, or amend the proposed contract or contract amendment; and

(B) Shall, if applicable, submit the comprehensive listing of all underutilized property or vacant property required in § 49-13-136(c)(2) to the advisory board for approval no later than sixty (60) days before the list is submitted to the department of education and the comptroller of the treasury. The advisory board shall review the proposed list and recommend any revisions to the list deemed necessary by the advisory board to accurately reflect the underutilized property or vacant property in the LEA that is available for use by a public charter school. The local board shall read into the minutes of the first meeting of the local board following its submission of the list to the department of education and comptroller of the treasury each recommended revision to the submitted list by the advisory board pursuant to this subdivision (b)(13)(B).

(14) An advisory board of managers shall submit a quarterly progress report to the commissioner, the local legislative body for the city or county that serves as the local funding body for the LEA, the senate education committee, and the committee of the house of representatives having jurisdiction over kindergarten through grade twelve (K-12) education regarding the progress made by the LEA toward improving the academic performance of its student population; implementing one (1) or more of the recommendations identified in its transformation plan pursuant to subdivision (b)(8); and addressing one (1) or more of the findings of the comprehensive needs assessment conducted pursuant to subdivision (b)(6) that the advisory board has determined to be a contributing factor to the LEA meeting the description in subsection (a).

(c) The commissioner may implement one (1) or more of the following intervention actions for an LEA described in subsection (a):

(1) Recommend to the state board of education that the director of schools for the LEA be replaced;

(2) Recommend to the state board that some or all of the local board of education members for the LEA be replaced; and

(3) Recommend to the Tennessee public charter school commission that one (1) or more of the existing public schools in the LEA be converted to a public charter school pursuant to the process established in § 49-13-146.

(d) If the commissioner elects not to take one (1) or more of the intervention actions described in subsection (c), then the commissioner shall report the reason for the commissioner's decision to the state board of education and to the education committee of the senate and the committee of the house of representatives having jurisdiction over the performance goals and assessment of the education being provided in this state's kindergarten through grade twelve (K-12) public schools.

(e)

(1) If the state board concurs with a recommendation made by the commissioner pursuant to subsection (c) to remove some or all of the local board of education members or the director of schools, or both, for an LEA described in subsection (a), then the commissioner shall order the removal of some or all of the local board of education members or the director of schools, or both, and shall declare a vacancy in the office.

(2) The local legislative body shall appoint the number of members required to fill one (1) or more vacancies on the local board until the next general election for which candidates may qualify and for which a candidate so elected qualifies to hold the office, or for the remainder of the term if no general election occurs during the remainder of the term.

(3) The remaining members of the local board of education for a special school district shall appoint the number of members required to fill one (1) or more vacancies on the local board until the next general election for which candidates may qualify and for which a candidate so elected qualifies to hold the office, or for the remainder of the term if no general election occurs during the remainder of the term. If all members of a local board of education for a special school district are removed, then the commissioner shall appoint three (3) residents of the district to serve on the local board, and the three (3) appointed members shall appoint residents of the district to fill any remaining vacancies.

(4) A person appointed to fill a vacancy on a local board of education serves the remainder of the vacated term upon their confirmation, if applicable.

(5)

(A) The local board of education shall appoint a person to fill a vacancy in the office of the director of schools in accordance with § 49-2-203. A person selected by the local board to fill a vacancy in the office of the director of schools must be confirmed by the state board of education before the person may assume the office. If the state board rejects an appointment made by the local board, then the local board shall appoint a new person to fill the vacancy in the office of the director of schools. If the state board similarly rejects the new appointment made by the local board, then, notwithstanding another law to the contrary, the state board shall provide the local board with a list of candidates who each hold the qualifications necessary to serve as the director of schools, and the local board shall select one (1) candidate from the list to fill the vacancy.

(B) If the commissioner has recommended that one (1) or more members of the local board of education and the director of schools be removed pursuant to subsection (c), and the state board has concurred

with both recommendations, then the local board shall not fill a vacancy in the office of the director of schools until all vacancies on the local board have been filled in accordance with this subsection (e).

(6) A member of a local board of education who is removed from office pursuant to this section is ineligible for election to the office for the remainder of their term and for one (1) full term thereafter. A director of schools who is removed from office pursuant to this section is ineligible for appointment to the office for the remainder of their contract term and for four (4) years thereafter.

(f) An appeal of the decision to remove a director of schools or local board of education member pursuant to this section must be made to the three-judge panel created in title 20, chapter 18. The three-judge panel's review is confined to whether or not the decision was made in accordance with the procedures authorized in this section.

(g) To the extent any other provisions of this or any other title conflict with this section, this section supersedes such provisions of law to the extent of the conflict for the period of time for which an LEA described in subsection (a) is subject to one (1) or more of the intervention actions and corresponding processes described in this section.

SECTION 2. Tennessee Code Annotated, Section 49-2-203(a)(13), is amended by adding the following as new subdivisions:

(D) If the mayor of a city or county for which the local legislative body serves as the local funding body for an LEA finds that the school board for the LEA has employed three (3) or more directors of schools during the three (3) immediately preceding years and does not have a director of schools employed on a basis other than interim, then the mayor may recommend that the local legislative body employ a director of schools for the LEA under a written contract of up to four (4) years' duration, which may be renewed by the school board in the same manner as if the school board employed the director of schools. A director of schools employed for an LEA by a local legislative body pursuant

to this subdivision (a)(13)(D) has the same powers and duties as a director of schools employed by a school board;

(E)

(i) If the LEA is subject to one (1) or more of the intervention actions described in § 49-1-621(c), and the commissioner of education has recommended to the state board of education that the director of schools be replaced and the state board has concurred with the commissioner's recommendation, then the director of schools shall be removed from office;

(ii) A removal from office pursuant to § 49-1-621 is a removal for cause, immediately terminates the director of school's contract with the school board, and does not require any prior written notice or any formal action or vote by the school board in order to take effect;

(iii) A director of schools who is removed from office pursuant to § 49-1-621 forfeits all compensation due under the director's contract of employment with the school board beginning on the date of the director's removal. The director may be compensated for actual services performed by the director in the director's official capacity before the date of the director's removal. A director of schools who is removed from office pursuant to § 49-1-621 must not receive any compensation that is payable only on the director's separation from employment;

SECTION 3. Tennessee Code Annotated, Section 49-6-2602(3), is amended by deleting subdivision (D) and substituting instead the following:

(D) Except for a student who is zoned to attend a school in an LEA described in § 49-1-621(a), is a member of a household with an annual income for the previous year that does not exceed twice the federal income eligibility guidelines for free lunch;

SECTION 4. Tennessee Code Annotated, Section 49-6-2603(a), is amended by designating the existing language of subdivision (5) as subdivision (5)(A) and adding the following as a new subdivision (5)(B):

(B) Subdivision (5)(A) does not apply to an eligible student who is zoned to attend a school in an LEA described in § 49-1-621(a). Notwithstanding this part to the contrary, if the LEA in which the eligible student is zoned to attend a school met the description in § 49-1-621(a) at the time the parent of the eligible student or the eligible student, as applicable, submitted an application to participate in the program, then the student is not required to verify the student's household income for any year for which the student participates in the program, even if the LEA in which the student is zoned to attend a school no longer meets the description in § 49-1-621(a).

SECTION 5. Tennessee Code Annotated, Section 49-6-2603, is amended by deleting the language "as applicable" in subdivision (d)(2) and substituting instead "as applicable, who is required to verify that the participating student's household income meets the requirements of § 49-6-2602(3)(D)" and by deleting the language "as applicable," wherever it appears in subdivision (f)(2) and substituting instead "as applicable, who is required to verify that the participating student's household income meets the requirements of § 49-6-2602(3)(D)".

SECTION 6. Tennessee Code Annotated, Section 49-6-2604(a), is amended by deleting subdivision (6) and substituting instead the following:

(6) An income verification process for a parent of a participating student who is seventeen (17) years of age or younger, or a participating student who has reached eighteen (18) years of age, as applicable, who is required to verify that the participating student's household income meets the requirements of § 49-6-2602(3)(D) to verify the participating student's household income.

SECTION 7. Tennessee Code Annotated, Section 49-13-105(a), is amended by deleting the first two sentences of the subsection and substituting:

There is established the Tennessee public charter school commission as an independent state entity for the purpose of serving as a public charter school authorizer and the LEA for any public charter school it authorizes. The commission has the authority to authorize public charter schools on appeal of a

local board of education's decision to deny a public charter school application and to directly authorize public charter schools as provided in this chapter.

SECTION 8. Tennessee Code Annotated, Section 49-13-106(i), is amended by adding the following as a new subdivision:

(3) If a sponsor seeks to establish a new public charter school in an LEA described in § 49-1-621(a), then the sponsor may apply to the local board of education or directly to the commission for authorization pursuant to § 49-13-146, if applicable.

SECTION 9. Tennessee Code Annotated, Section 49-13-106(j)(1), is amended by adding the following at the end of the subdivision:

This subdivision (j)(1) does not apply if the commissioner of education has recommended that one (1) or more of the public schools managed and controlled by the local board of education for an LEA described in § 49-1-621(a) be converted to a public charter school pursuant to the process in § 49-13-146.

SECTION 10. Tennessee Code Annotated, Title 49, Chapter 13, is amended by adding the following as a new section:

**49-13-146. Direct authorization by the Tennessee public charter school commission for charter schools applying in certain underperforming school districts.**

(a) If a sponsor seeks to establish a new public charter school in an LEA described in § 49-1-621(a), then the sponsor may apply directly to the commission for authorization. If a sponsor applies directly to the commission, then the application process must be conducted in accordance with § 49-13-107 and with the following:

(1) The commission shall rule by resolution, at a regularly or specially called meeting, to approve or deny the public charter school application no later than ninety (90) days after the date on which the commission received the completed application. If the commission fails to approve or deny a public charter school application within ninety (90) days, then the public charter school application is deemed approved;

(2) If the commission denies the application, then the grounds for denial must be stated in writing and must specify objective reasons for the denial. Upon receipt of the grounds for denial, the sponsor has thirty (30) days to submit an amended application to correct any deficiencies. Upon receipt of the amended application, the commission has sixty (60) days to deny or approve 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;

(3) If the commission approves the application, then the commission is the authorizer and LEA for that public charter school; and

(4) The commission's decision is final and not subject to appeal.

(b) If the commissioner of education recommends that one (1) or more of the public schools in an LEA described in § 49-1-621(a) be converted to a public charter school pursuant to § 49-1-621(c), then a sponsor who seeks to convert a public school for which the commissioner recommends conversion to a public charter school may apply directly to the commission. If a sponsor applies directly to the commission for conversion, then the application process must be conducted in accordance with § 49-13-107 and with the process and timelines established in subdivisions (a)(1)-(4).

(c) If the commission approves a sponsor's application for conversion, then:

(1) The conversion must occur at the beginning of a school year and the conversion public charter school must comply with this chapter;

(2) A teacher or administrator of the conversion public charter school must be allowed to transfer into vacant positions in other schools in the LEA for which they are certified before the LEA hires new personnel to fill the vacant positions. Personnel who transfer into vacant positions in other schools in the LEA must not suffer any impairment, interruption, or diminution of the rights and privileges of a then-existing teacher or administrator, and the rights and privileges must continue without impairment, interruption, or diminution with the

local board of education. For purposes of this subdivision (c)(2), "rights and privileges" include, but are not limited to, salary, pension, retirement benefits, sick leave accumulation, tenure, seniority, and contract rights with the local board of education. The director of schools may assign teachers or administrators in a conversion public charter school to vacant positions in other schools in the LEA;

(3) An enrollment preference must be given to students who reside in the former school zone of the converted public school. The enrollment preference for students who reside in the former attendance area excludes the students from entering into an enrollment lottery conducted pursuant to subdivision (c)(4);

(4) The conversion public charter school may enroll students who reside in other school zones after students residing within the school zone of the converted public school have had the opportunity to enroll, but only if there is program, class, grade level, and building capacity to serve the out-of-zone students. If applications by out-of-zone students exceed the conversion public charter school's capacity, then enrollment of out-of-zone students must be determined based on the results of an enrollment lottery. Out-of-zone students who attended the school during the previous school year and the siblings of students who attended the school may be given preference in enrollment;

(5) A parent of a child who is enrolled at the conversion public school may enroll the parent's child in another public school without penalty; and

(6) The conversion public charter school shall occupy the converted public school's existing facility.

(d) This section does not require the commission to approve an application to establish a new public charter school in an LEA described in § 49-1-621(a) or to approve an application for conversion of one (1) or more existing public schools in an LEA described in § 49-1-621(a) for which the commissioner recommends conversion.

SECTION 11. The headings in this act are for reference purposes only and do not constitute a part of the law enacted by this act. However, the Tennessee Code Commission is requested to include the headings in any compilation or publication containing this act.

SECTION 12. If any provision of this act or its application to any person or circumstance is held invalid, then the invalidity does not affect other provisions or applications of the act that can be given effect without the invalid provision or application, and to that end, the provisions of this act are severable.

SECTION 13. Sections 3-6 of this act take effect July 1, 2025, the public welfare requiring it, and apply to the 2025-2026 school year and each school year thereafter. All other sections of this act take effect upon becoming a law, the public welfare requiring it.

Amendment No. 2 to HB0662

Hicks G  
Signature of Sponsor

**AMEND Senate Bill No. 714**

**House Bill No. 662\***

by deleting all language after the enacting clause and substituting:

SECTION 1. Tennessee Code Annotated, Title 49, Chapter 1, Part 6, is amended by adding the following as a new section:

**49-1-616. Educational oversight boards for underperforming school districts.**

(a) An educational oversight board must be created for an LEA if:

(1) Fifty percent (50%) or more of the students enrolled in the LEA did not meet grade-level expectations in mathematics and English language arts on the most recently administered Tennessee comprehensive assessment program tests, including end-of-course examinations;

(2) Thirty percent (30%) or more of the schools managed and controlled by the LEA's local board of education were assigned a "D" or "F" letter grade for the most recent school year for which letter grades were assigned by the department of education pursuant to § 49-1-228;

(3) Twenty-five percent (25%) or more of the students enrolled in the LEA were chronically absent in the most recent school year. As used in this subdivision (a)(3), "chronically absent" means that a student has been absent from school for ten percent (10%) or more of the school year;

(4) At least one (1) school managed and controlled by the LEA's local board of education has been identified as a priority school pursuant to § 49-1-602 on each of the last five (5) priority school lists issued by the department; and

(5) The local legislative body for the county in which the LEA is located approves, by a majority vote, a resolution expressing that the local legislative body has no confidence in the LEA's local board of education.

(b) If one (1) or more LEAs meet the description in subsection (a), then the commissioner of education shall notify, in writing, the local board of education for each LEA described in subsection (a), the governor, the speaker of the senate, and the speaker of the house of representatives that an oversight board must be appointed for the LEA. An oversight board must be established pursuant to this section no later than July 1 following the date of the commissioner's written notice.

(c)

(1) An educational oversight board consists of the following nine (9) members, each of whom must reside in the county in which the LEA is located:

(A) Five (5) members appointed by the governor;

(B) Two (2) members appointed by the speaker of the house of representatives; and

(C) Two (2) members appointed by the speaker of the senate.

(2) A vacancy created on an oversight board must be filled by the respective appointing authority to serve until the oversight board terminates.

(3) A member of an oversight board may be removed from the oversight board by the member's appointing authority at any time for any reason.

(4) Members of an oversight board must be compensated in the same manner as members of the LEA's local board of education are compensated.

(d)

(1) An educational oversight board shall operate in the LEA for three (3) consecutive years beginning on July 1 following the date of the commissioner's written notice for the LEA pursuant to subsection (b). If the LEA continues to meet the description in subsection (a) when the LEA's oversight board is

scheduled to terminate in accordance with this subdivision (d)(1), then the same educational oversight board may be extended for three (3) additional years.

(2) An educational oversight board:

(A) Shall comply with the open meetings law, compiled in title 8, chapter 44, and the public records law, compiled in title 10, chapter 7; and

(B) May hold meetings in facilities owned or operated by the LEA.

(e) Notwithstanding another law to the contrary:

(1)

(A) The local board of education for an LEA for which an educational oversight board is operating pursuant to this section shall submit the proposed budget for the LEA, including any proposed budget amendments, to the oversight board for approval before it may be submitted to the appropriate local legislative body for adoption;

(B) The oversight board shall review the proposed budget or budget amendment and may veto the proposed budget or budget amendment as a whole or may veto one (1) or more line items in the proposed budget or budget amendment;

(C) If the oversight board vetoes the proposed budget or budget amendment, then the local board shall revise the proposed budget or budget amendment as directed by the oversight board and shall resubmit it to the oversight board for approval;

(D) If the local board fails to revise the proposed budget or budget amendment as directed by the oversight board, then the oversight board shall submit the budget for the LEA or any proposed budget amendment for the LEA to the appropriate local legislative body for adoption;

(E) If the oversight board does not veto the proposed budget or budget amendment in whole or in part within ten (10) business days from

the date on which the proposed budget or budget amendment is submitted to the oversight board for approval, then the proposed budget or budget amendment is deemed to be approved by the oversight board and may be submitted to the local legislative body for adoption; and

(F) A local legislative body shall not adopt a budget or budget amendment for an LEA for which an educational oversight board is operating pursuant to this section unless the chair of the local board of education certifies to the local legislative body in writing that:

(i) The budget or budget amendment was submitted to the oversight board and has been approved for submission to the local legislative body in accordance with this subdivision (e)(1); or

(ii) The budget or budget amendment was submitted to the oversight board and was not vetoed by the oversight board in whole or in part within ten (10) business days from the date on which it was submitted to the oversight board for approval;

(2)

(A) The local board of education for an LEA for which an educational oversight board is operating pursuant to this section shall not:

(i) Enter into, renew, or amend any contracts with a total value of fifty thousand dollars (\$50,000) or more unless the contract is approved by the oversight board. For purposes of this subdivision (e)(2)(A)(i), "contract" does not include an employment contract for a teacher or school principal, but does include an employment contract for a director of schools; or

(ii) Authorize any purchase or make any expenditure with a value of fifty thousand dollars (\$50,000) or more unless the purchase or expenditure is first approved by the oversight board.

For purposes of this subdivision (e)(2)(A)(ii), "expenditure" does not include the salaries or benefits paid to a teacher or school principal, but does include the salary, benefits, and other contract or employment-related expenses for a director of schools;

(B) If the local board submits a proposed contract or contract amendment, purchase, or expenditure to the oversight board for approval and the oversight board does not notify the local board within ten (10) business days from the date on which the item was submitted to the oversight board for approval that the proposed contract or contract amendment, purchase, or expenditure is denied, then the item is deemed to be approved by the oversight board; and

(C)

(i) The chair of the local board shall certify, in writing, to any third party with which the local board enters into, renews, or amends a contract for which approval of the educational oversight board is required pursuant to this subdivision (e)(2) that:

(a) The contract was submitted to the oversight board and has been approved by the oversight board; or

(b) The contract was submitted to the oversight board and was not vetoed by the oversight board in whole or in part within ten (10) business days from the date on which it was submitted to the oversight board for approval;

(ii) A contract or contract amendment is not legally enforceable in this state if the contract or contract amendment was executed by and between a third party and the local board of education for an LEA for which an oversight board is operating pursuant to this section if the chair of the local board did not issue

the certification required in subdivision (e)(2)(C) before the contract or contract amendment was executed or if the chair of the local board issued a fraudulent or misleading certification; and

(iii) If the oversight board approves, or is deemed to have approved, a proposed contract, contract amendment, purchase, or expenditure, then the local board may proceed with the contract, contract amendment, purchase, or expenditure and must do so in accordance with all applicable procurement laws;

(3)

(A) The local board of education for an LEA for which an educational oversight board is operating pursuant to this section shall, if applicable to the LEA for which the oversight board is operating, submit the comprehensive listing of all underutilized property or vacant property required in § 49-13-136(c)(2) to the oversight board for approval no later than sixty (60) days before the list is submitted to the department of education and the comptroller of the treasury;

(B) The oversight board shall review the proposed list and may revise the list as the oversight board deems necessary to accurately reflect the underutilized property or vacant property in the LEA that is available for use by a public charter school operating in the LEA; and

(C) The local board shall submit to the department of education and comptroller of the treasury the comprehensive listing of all underutilized property or vacant property approved by the oversight board, including any underutilized property or vacant property that may have been added to the list by the oversight board; and

(4)

(A) The local board of education for an LEA for which an educational oversight board is operating pursuant to this section shall not deny an amended application to open a new public charter school, an application to convert an existing public school to a public charter school, an application to renew the charter agreement of a public charter school, or a petition to amend the charter agreement of a public charter school submitted to the local board unless the oversight board has reviewed and approved the local board's decision to deny the application or petition;

(B) The local board shall submit the application or petition described in subdivision (e)(4)(A) that the local board seeks to deny to the oversight board for review, and the grounds upon which the local board is basing its decision to deny the application or petition, to the oversight board when it reaches its final decision on the application or petition or no later than fifteen (15) days before the local board is required to issue a final decision to approve or deny the application or petition pursuant to chapter 13 of this title, whichever is earlier;

(C)

(i) If the oversight board approves the local board's decision to deny an application or petition described in subdivision (e)(4)(A), then the local board shall issue a final decision, ruling, or resolution denying the application or petition; and

(ii) This subdivision (e)(4)(C) does not impair a sponsor or governing body, as those terms are defined in § 49-13-104, from appealing the denial to the Tennessee public charter school commission in accordance with chapter 13 of this title; and

(D) If the oversight board disagrees with the local board's decision to deny an application or petition described in subdivision

(e)(4)(A), then the local board shall issue a final decision, ruling, or resolution approving the application or petition.

SECTION 2. Tennessee Code Annotated, Section 49-6-2602(3), is amended by deleting subdivision (D) and substituting instead the following:

(D) Except for a student who is zoned to attend a school in an LEA described in § 49-1-616(a), is a member of a household with an annual income for the previous year that does not exceed twice the federal income eligibility guidelines for free lunch;

SECTION 3. Tennessee Code Annotated, Section 49-6-2603(a), is amended by designating the existing language of subdivision (5) as subdivision (5)(A) and adding the following as a new subdivision (5)(B):

(B) Subdivision (5)(A) does not apply to an eligible student who is zoned to attend a school in an LEA described in § 49-1-616(a). Notwithstanding this part to the contrary, if the LEA in which the eligible student is zoned to attend a school met the description in § 49-1-616(a) at the time the parent of the eligible student or the eligible student, as applicable, submitted an application to participate in the program, then the student is not required to verify the student's household income for any year for which the student participates in the program, even if the LEA in which the student is zoned to attend a school no longer meets the description in § 49-1-616(a).

SECTION 4. Tennessee Code Annotated, Section 49-6-2603, is amended by deleting the language "as applicable" in subdivision (d)(2) and substituting instead "as applicable, who is required to verify that the participating student's household income meets the requirements of § 49-6-2602(3)(D)" and by deleting the language "as applicable," wherever it appears in subdivision (f)(2) and substituting instead "as applicable, who is required to verify that the participating student's household income meets the requirements of § 49-6-2602(3)(D)".

SECTION 5. Tennessee Code Annotated, Section 49-6-2604(a), is amended by deleting subdivision (6) and substituting instead the following:

(6) An income verification process for a parent of a participating student who is seventeen (17) years of age or younger, or a participating student who has reached eighteen (18) years of age, as applicable, who is required to verify that the participating student's household income meets the requirements of § 49-6-2602(3)(D) to verify the participating student's household income.

SECTION 6. If any provision of this act or the application of any provision of this act to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the act that can be given effect without the invalid provision or application, and to that end, the provisions of this act are severable.

SECTION 7. The heading in this act is for reference purposes only and does not constitute a part of the law enacted by this act. However, the Tennessee Code Commission is requested to include the heading in any compilation or publication containing this act.

SECTION 8. Sections 2-5 of this act take effect July 1, 2025, the public welfare requiring it, and apply to the 2025-2026 school year and each school year thereafter. All other sections of this act take effect upon becoming a law, the public welfare requiring it.