



## Weekly Legislative Recap

The Tennessee General Assembly passed a \$52.8 billion state budget for fiscal year 2025–26, making significant changes to Governor Bill Lee’s original proposal. Lawmakers prioritized education, public safety, and healthcare while also scaling back or eliminating several of the Governor's proposed initiatives.

Education remained a major focus, with an added \$244 million to the TISA school funding formula to support teacher pay increases and infrastructure improvements. The budget includes \$145.9 million for the Education Freedom Scholarships program. Higher education saw \$12 million allocated to the TennesseeWORKS Scholarship for students at Tennessee Colleges of Applied Technology and \$2 million to streamline the state’s community college application system.

Public safety investments were significantly expanded. Lawmakers approved \$130 million for the Violent Crime Intervention Fund and \$38 million to hire 117 new state troopers—more than double the governor’s original request. An additional \$5 million was directed to expand the School Resource Officer Program, aiming to place a trained officer in every public K–12 school.

In health and human services, the legislature allocated \$78 million to TennCare to restore services previously funded through the hospital assessment. The Department of Children’s Services received \$41 million to improve child placement services. The budget also includes \$5 million to expand bed capacity at the Middle Tennessee Regional Mental Health Institute and \$3 million for a new partnership to support children with intellectual and developmental disabilities.

Infrastructure and environmental initiatives shifted dramatically from the governor’s original vision. A proposed \$35 million allocation for the Duck River Water Regionalization Project was eliminated, despite its importance as a biologically diverse water source for over 250,000 residents. Instead, funding was directed to a \$25 million Hurricane Helene recovery grant in Northeast Tennessee and \$20 million in matching funds for disaster relief in Erwin.

The legislature also passed a \$1.6 billion tax reform package to address constitutional issues with the state’s franchise tax. It includes \$1.2 billion in one-time refunds and \$410 million in ongoing business tax breaks.

Additionally, \$275 million was approved for the construction of a new state emergency operations center, with funding added for weather monitoring systems and emergency vehicles. Lawmakers also added over \$100 million in local grants for infrastructure, public safety, education, and healthcare projects across the state, including a \$37.5 million replacement campus for TCAT Nashville in Robertson County and \$3 million for an audit of Memphis schools.

The General Assembly is working diligently to finalize remaining legislation and procedural matters to conclude this legislative session. Assuming all goes according to plan the 114th General Assembly will be expected to adjourn sine die as early as next week.