

Amendment No. 1 to HB0841

Sargent
Signature of Sponsor

AMEND Senate Bill No. 831

House Bill No. 841*

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

SECTION 1. This act shall be known, and may be cited as, the "Education Investment Act."

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

(a) The education investment endowment fund is created. The education investment endowment fund shall be established and funded under the following terms and conditions:

(1) The fund shall be a revocable trust that the state treasurer shall administer. The attorney general and reporter shall approve the terms of the trust instrument. The trust shall consist of the education investment endowment account and the education investment special reserve account;

(2) The trustees of the trust shall be as follows:

(A) The state treasurer;

(B) The comptroller of the treasury;

(C) The secretary of state;

(D) The commissioner of education; and

(E) The commissioner of finance and administration;

(3) The state treasurer shall serve as the chair of the trustees and shall preside over all meetings and proceedings of the trustees;

(4) The trust may invest in any security or investment in which the Tennessee consolidated retirement system is permitted to invest; provided, that

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investments by the trust shall be governed by the investment policies and guidelines adopted by the trustees of the trust in accordance with this section. The state treasurer shall be responsible for the investment and reinvestment of trust funds in accordance with the policies and guidelines established by the trustees;

(5) The initial deposit to the education investment endowment account shall constitute the principal of the trust. Trust income, as defined in this section, shall not increase, or constitute an addition to, the principal of the trust, but shall be placed in the education investment special reserve account;

(6) The principal of the trust shall not be expended for any purpose but may be transferred to the revenue fluctuation reserve in accordance with subsection (b). Trust income shall be expended only to fund the kindergarten through grade twelve (K-12) block grant program and pay expenses incurred in administering and investing the trust assets;

(7) Any trust income not allocated or distributed to the beneficiaries of the K-12 block grant program shall be maintained in the education investment special reserve account and may be subject to future allocations and distributions in accordance with this section;

(8) Any funds transferred or appropriated for the K-12 block grant program after the initial deposit shall be placed in the education investment special reserve account of the trust. Unexpended funds remaining in the trust in any fiscal year, whether principal or funds in the education investment special reserve account shall not revert to the general fund;

(9) The funds transferred to this trust may be commingled with, co-invested with, and invested or reinvested with other assets transferred to the trust. All or a portion of the trust may be invested, reinvested and co-invested with other funds, not a part of the trust, that are held by the state treasurer, including, but not limited to, assets of the Tennessee consolidated retirement system and the state pooled investment fund established pursuant to title 9, chapter 4, part 6. The state treasurer shall account for such trust funds in one (1) or more separate accounts in accordance with this section and other law; and

(10) Notwithstanding any law to the contrary, all funds placed in the education investment special reserve account shall be available for allocation and distribution as authorized in this section and in section 3 of this act only to the extent that funds are available in the education investment special reserve account special reserve account, and the state shall not be liable for any amount in excess of such sum. All requests for withdrawals for the payment of program funding that are presented to the state treasurer shall be used only to fund the K-12 block grant program. Such requests for withdrawals shall not be commingled with requests for withdrawals presented to the state treasurer for any other purpose, and the individual or entity requesting the withdrawal of funds shall attest to the same upon presentation of the request for withdrawal to the state treasurer.

(b) Upon recommendation of the commissioner of finance and administration, moneys in the education investment endowment fund may be transferred to the revenue fluctuation reserve in any year in which the revenue fluctuation reserve is used to meet unexpected shortfalls of revenues; provided, that any transfer shall be made in accordance with an appropriations act approved by the general assembly.

(c) For the purposes of this section, "trust income" means the income from the trust's investment portfolio from whatever source derived, including, but not limited to, interest, dividends, and realized capital gains or losses;

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

(a) The department of education shall administer a kindergarten through grade twelve (K-12) block grant program.

(b) K-12 block grants are supplemental to BEP funding.

(c) From moneys in the education investment special reserve account available on August 1, 2019, and on each August 1 thereafter, the department shall distribute grants to each LEA based on the prior year ADM of the LEA.

(d) Each LEA may use block grant funds to improve the quality of education within the LEA in a manner deemed appropriate by the local board of education and consistent with the eligible purposes identified by the department.

(e) Eligible purposes for grant funds shall include priority areas identified in the ESSA state plan and may include other purposes approved by the department; provided, that no block grant funds shall be used for salaries or other recurring expenditures.

(f) By February 1, 2020, and on each February 1 thereafter, each LEA shall submit a written report on the use of block grant funds to the department, the state board of education, the finance, ways and means committees of the senate and the house of representatives, the education committee of the senate, the education administration and planning committee of the house of representatives, and the director of the office of legislative budget analysis.

SECTION 4. Section 3 of this act shall take effect January 1, 2019, the public welfare requiring it. All other sections of this act shall take effect July 1, 2018, the public welfare requiring it.