



December 24, 2024

Budgeting under General Law

Dear Reader:

The following document was created from the CTAS website (ctas.tennessee.edu). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

The University of Tennessee
County Technical Assistance Service
226 Anne Dallas Dudley Boulevard, Suite 400
Nashville, Tennessee 37219
615.532.3555 phone
615.532.3699 fax
www.ctas.tennessee.edu

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Budgeting under General Law

Reference Number: CTAS-697

Historically, there has been little guidance for those counties operating under the general budgeting laws. Legislation passed in 2016, however, now provides some guidelines for those counties. Public Chapter 1080 amended T.C.A. § 5-9-402 to provide a budget adoption timeline and procedures for counties operating under the general law. Pursuant to T.C.A. § 5-9-402, general budgeting law counties must follow the timeline set forth in the statute or adopt their own timeline. The statutory timeline can be found below. Should a county legislative body choose to adopt its own budget timeline, it must also receive the approval of the county board of education for the portion of the timeline established for the LEA. The provisions in § 5-9-402 do not apply to Davidson, Hamilton, Knox or Shelby counties.

Another provision enacted by Public Chapter 1080 creates a deadline for enactment of the education budget by operation of law. Now, under T.C.A. § 5-9-404, if the county legislative body and the county school board fail to agree on a budget for the county department of education by August 31, then, by operation of law, the budget for the county department of education will be equal to the minimum budget required to comply with the local match and maintenance of effort provisions of the BEP. If this occurs for three consecutive years, the budget for the third year will include a three percent increase in the required local funding amount for schools unless the LEA failed to comply with the applicable budgetary timeline. The provisions in § 5-9-404 do not apply to Davidson, Hamilton, Knox or Shelby counties.

Budget development under General Law is also covered under Operating Budgets of the Accounting/Budget/Finance tab.

Statutory Timeline for County Budget Law 2016 – Public Chapter 1080

All Funds except Education - In the absence of a locally adopted schedule and locally adopted procedures, the budgetary procedures for the county shall be as follows:

No later than **February 1** Forms for all budget requests shall be delivered to all departments, commissions, institutions, boards, offices, and agencies.

No later than **March 1** All departments, commissions, institutions, boards, offices, and agencies except the local board of education shall deliver the budget request to the county budget committee.

County budget committee shall vote upon the proposed budget and shall notify the department, commission, institution, board, office, or agency whether the county budget committee approves or rejects the proposed budget.

No later than **April 1** If approved, the county budget committee or the committee's designee shall immediately forward the proposed budget to the county legislative body for consideration.

If rejected, the department, commission, institution, board, office, or agency shall submit a revised budget proposal to the county budget committee within ten (10) business days after receipt of notice that the budget proposal was rejected.

Education - In the absence of a locally adopted schedule and locally adopted procedures, the budgetary procedures for the county shall be as follows:

No later than **May 1** Each **LEA** shall submit a proposed budget to the county budget committee; provided that, the LEA may amend the proposed budget after May 1.

County budget committee shall vote upon the proposed budget and shall notify the LEA whether the county budget committee approves or rejects the LEA's proposed budget.

No later than **June 1** If approved, the county budget committee or the committee's designee shall immediately forward the proposed budget to the county legislative body for consideration

If rejected, the LEA shall submit a revised budget proposal to the county budget committee within ten (10) business days after receipt of notice that the budget proposal was rejected

If the county budget committee of the local governing body rejects the first and second budget proposals from any department, commission, institution, board, office, or agency, then the third and any subsequent proposals shall be delivered directly to the county legislative body which shall approve or reject the proposal within ten (10) business days of the body's receipt of the amended proposal.

If rejected, the department, commission, institution, board, office, or agency shall submit a revised budget proposal to the county legislative body within ten (10) business days after receipt of notice that the budget proposal was rejected.

The budget must be approved on or before August 31, unless an extension is approved by the Comptroller's Office of State and Local Finance

And remember, if the county legislative body and the county school board fail to agree on a budget for the county department of education by August 31, then, by operation of law, the budget for the county department of education shall be equal to the minimum budget required to comply with the local match and maintenance of effort provisions of the BEP. If this occurs for three consecutive years, the budget for the third year shall include a three percent increase in the required local funding amount for schools unless the LEA failed to comply with the applicable budgetary timeline. However, this increase shall not be required if during any of those three years the school board failed to submit its budget proposals in accordance with the timeline above. This section does not apply to Hamilton, Knox, Davidson and Shelby counties.

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