

RESEARCH RECAP

K-12 Capital Infrastructure and Investment



July 2025

SERIES OVERVIEW

This week's Research Recap is the first installment in a three-week series on K-12 capital infrastructure and investment in Tennessee and other states.

In November 2024, OREA published a legislative brief that detailed the condition and needs of Tennessee's K-12 facilities, described the current funding of K-12 school facilities, and assessed how other states provide capital funding to school districts for construction and maintenance.

The brief identified three tools states use to meet K-12 infrastructure needs:

APPROPRIATIONS



FINANCING ASSISTANCE



DEDICATED REVENUES



TENNESSEE NOW USES ALL THREE TOOLS

When OREA's November 2024 legislative brief was published, Tennessee appropriated funding and provided financing assistance for K-12 school construction and maintenance but did not dedicate revenues for this purpose. That has since changed.

The state now dedicates revenues for K-12 school construction and maintenance as of July 1, 2025, the effective date of the Education Freedom Scholarship Act. The new law directs surplus Tennessee Education Lottery revenues to a disbursement account for K-12 school facility construction and maintenance grants. Up to 80 percent of certain privilege taxes are also directed to the disbursement account.

For more information on what Tennessee and other states do to support K-12 infrastructure, see OREA's 2024 [brief](#).