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## EQUALIZING EDUCATION FUNDING: THE AVERAGE TAX RATE APPROACH

*by Harry A. Green and Lynnisse Roehrich-Patrick*



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- ➔ Monitor the operation of federal-state-local relations,
- ➔ Analyze allocation of state and local fiscal resources,
- ➔ Analyze the functions of local governments and their fiscal powers,
- ➔ Analyze the pattern of local governmental structure and its viability,
- ➔ Analyze laws relating to the assessment and taxation of property,
- ➔ Publish reports, findings and recommendations, and draft legislation needed to address a particular public policy issue, and
- ➔ Provide a neutral forum for discussion and education about critical and sensitive public policy issues.

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## FOREWORD

Efforts to produce a school-system-level model for equalization of Tennessee’s formula for funding public schools began in the early 1990s. Unfortunately, those early efforts were hampered by a lack of data. Equalization at that time was based entirely on the value of taxable property, and it was done at the county level, ignoring the fact that cities and special school districts both shared in county revenues and could supplement them with additional taxes from which county schools could not benefit. This created a situation in which county school systems could never be funded as well as cities and special school districts.

Although it was discussed, little effort was made to remedy this problem when the Basic Education Program (BEP) formula was put in place in 1992, and it remains to this day. As a result, today’s method of equalization does not take into account the fact that cities and special school districts are, by statute, able to spend more on their schools than counties can. This poses a problem for the state in complying with the State Supreme Court’s rulings requiring “substantially equal educational opportunities for all Tennessee students.” Fortunately or unfortunately, depending on your perspective, this issue has not been tested in the courts.

Throughout the 1990s, efforts to develop a system-level equalization model based on sound theory and current, reliable data continued. Improvements in state and federal data collection and reporting systems made this possible in just the last few years.<sup>1</sup> Response to the Supreme Court’s 2002 ruling in the Small Systems Lawsuit made it necessary. Governor Bredesen’s Task Force on Teacher Pay requested a model and

included adoption of a system-level model in its November 2003 recommendations. A prototype model was developed by an interagency group made up of members of that Task Force. It included staff of the Comptroller’s Office, as well as TACIR staff, and consulted with outside experts at local universities. The model developed by the interagency staff group was later shared with the BEP Review Committee. The Review Committee included recommendations similar to those of the Governor’s Task Force in its November 2004 and 2005 annual reports.

**The model recommended by the Task Force’s interagency staff group was very similar to the county-level model currently in place.<sup>2</sup>** It is described fully in TACIR’s October 2005 staff information report, *A Prototype Model for School-System-Level Fiscal Capacity in Tennessee: Why & How*.

This brief focuses on another concept developed by the same interagency group, but was not recommended because it does not conform to the basic principles of fiscal capacity and it has a much greater adverse effect on cities and special school districts. Despite these disadvantages, the model is described here to further discussion of fiscal capacity concepts and concerns. Moreover, some researchers argue that if the fundamental funding formula meets the standards of equity and adequacy, then, tax capacity, rather than fiscal capacity, is the standard that should be used. In that case the average tax rate approach might be the appropriate standard.

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<sup>1</sup> For more information on historical and current efforts to develop a system-level model, see TACIR’s October 2005 staff information report, *A Prototype Model for School-System-Level Fiscal Capacity in Tennessee: Why & How*.

<sup>2</sup> For more information on the county model and fiscal capacity in general, see TACIR’s November 2004 staff information report, *A User’s Guide to Fiscal Capacity in the Basic Education Program*.

## Major Fiscal Capacity Principles

### I

*Fiscal capacity should be estimated from a comprehensive, balanced tax base.*

### II

*Fiscal capacity should focus on economic bases rather than policy determined revenue bases.*

### III

*Tax base estimates should be as current and accurate as possible.*

### IV

*Similarly situated taxpayers should be treated similarly in terms of taxes paid and the services received.*

### V

*Tax exportability should be measured—resident taxpayers in different jurisdictions should have similar fiscal burdens.*

### VI

*Fiscal capacity measures should reflect service responsibilities that vary across jurisdictions.*

### VII

*Estimates should be based on multi-year averages to mitigate data and statistical errors.*

## THE AVERAGE RATE APPROACH TO DEVELOPING A SCHOOL- SYSTEM-LEVEL MODEL FOR EQUALIZING EDUCATION FUNDING IN TENNESSEE

Early sub-county system-level fiscal capacity prototypes took an average-tax-rate approach to creating a representative-tax-system model based on revenue and tax base data. This approach, sometimes referred to as an algebraic model, requires matching particular revenue collections to specific revenue bases in order to compute average rates.

Average rates are produced by dividing total revenue collections statewide by the statewide total of their associated bases. The resulting rates are then multiplied by the revenue base values for each school system to produce an amount of revenue each school system could expect to receive from local sources if these average rates were applied equally across the state.

**This approach seems simple enough, but determining average tax rates for cities is nearly impossible.** Few Tennessee cities direct revenues from specific sources to fund schools; instead they use general fund transfers that may be supported by any number of revenue streams. Nevertheless, an interagency staff group comprised of members of Governor Bredesen's Task Force on Teacher Pay made the attempt to estimate city school tax rates in order to produce an average tax rate model for the Task Force<sup>3</sup>.

The problems associated with this estimation process and other issues raised by this model are described in the following pages. The results of the model were more adverse to cities and special school districts than the admittedly more complex

<sup>3</sup>The group included staff of the Comptroller's Office, as well as TACIR staff. The models developed by the group were submitted to experts in school finance at local universities, including Middle Tennessee State University, Tennessee State University, and Vanderbilt University for review and comment.

regression-based model developed by the same interagency group for the Governor's Teacher Pay Task Force.

### **REVENUE SOURCES INCLUDED IN THE AVERAGE-TAX-RATE EQUALIZATION MODEL**

School systems in Tennessee receive funding from several local sources, but ***the only readily available revenue base data that can be matched to specific revenues used by local governments and special school districts to fund their schools are property, sales, and state-shared taxes***. Special school districts are limited to raising revenue from property taxes, but cities and counties have access to all three major sources, and all three types of school systems share in revenues used by counties to fund schools. These three revenue bases represent the bulk of local funding for public schools.

The average rate approach includes all of the revenues shown in the chart opposite. All school systems have values for the revenues that are raised by counties and shared. The amount of revenue attributable to each system is the statewide average tax rate multiplied by the county tax base. In multi-system counties, the product of this calculation is divided among the systems using the same student counts that are used to divide actual local revenue among them.

In addition to these shared amounts, each system also has values for its own, unshared revenues. These values are calculated in the same manner: the average tax rate (or usage rate in the case of state-shared tax revenues) is multiplied by the system's own tax base (or the amount of state-shared taxes available to it).

The average rate in each case is based on actual revenues used to fund local schools divided by the base to which they are applied. This calculation is straightforward when applied to county and special school district revenues because these amounts are included in the annual financial reports submitted by school systems to the Department of Education.

### **The average rate approach presents several problems to which no satisfactory solutions were found:**

- ♦ *Calculating average rates for school systems is challenging because **the majority of cities use general fund transfers to fund their schools and do not identify the source of the revenues transferred** (e.g., property tax base, sales tax base, state-shared tax revenues).*
- ♦ ***There is no effective or objective way to determine how much weight to give factors that measure tax burden or ability to pay to appropriately balance the tax base values against the tax equity variables without using some kind of statistical process.***
- ♦ ***Likewise, it is impossible to adjust for the service burden that is not accounted for directly in the BEP funding formula without using a statistical process to determine the appropriate weight to be given to such a variable.***

The main difficulty with the average rate approach is deriving rates for city revenues. Cities often use general fund transfers instead of identifying discrete sources of revenue for schools. The real sources are impossible to determine. Money is fungible: any one dollar in the general fund is indistinguishable from any other; the source is impossible to track. The interagency staff group formed by members of the Governor’s Task Force developed a method

to estimate average rates for cities based on the handful of cities that actually identify specific revenues for schools by source. The general fund transfers used by most cities to fund their schools were allocated across the revenue sources available to each city using complex formulas that took into account whether each city reported a specific amount from any particular revenue source in addition to their general fund transfers, as sometimes is the case.

<b>Sources of Shared and Unshared Revenue by Type of School System</b>			
<b>Revenue Source</b>	<b>County School Systems</b>	<b>City School Systems</b>	<b>Special School Districts</b>
<b><i>Taxable Property</i></b>			
♦ Shared	Yes—retain portion of county taxes based on share of WFTEADA*	Yes—receive from county based on share of WFTEADA*	Yes—receive from county based on share of WFTEADA*
♦ Unshared	No—county revenue for education must be shared**	Yes—at individual city’s discretion or through general fund transfer	Yes—based on rate established by legislature
<b><i>Taxable Sales</i></b>			
♦ Shared	Yes—retain portion of county taxes based on share of WFTEADA*	Yes—receive from county based on share of WFTEADA*	Yes—receive from county based on share of WFTEADA*
♦ Unshared	No—county revenue for education must be shared**	Yes—at individual city’s discretion or through general fund transfer	No—not authorized by legislature
<b><i>State-shared Tax Revenue</i></b>			
	Yes—no sharing requirement	Yes—no sharing requirement	No—not eligible to receive

\*Weighted full-time equivalent average daily attendance, a count of students weighted according to grade levels and programs (special education and vocational education).

\*\* All School funds for current operation and maintenance purposes collected by any county, except the funds raised by any local special student transportation tax levy as authorized in this subsection, shall be apportioned by the county trustee among the [school system] therein on the basis of the [weighted full-time equivalent average daily attendance] maintained by each, during the current school year. Tennessee Code Annotated §49-3-315(a).



## **ASSUMPTIONS REQUIRED TO MAKE AVERAGE-TAX-RATE MODEL WORK**

Making the average rate approach work requires making assumptions about where the money for general fund transfers comes from. The interagency staff group that worked on this approach for the Governor’s Task Force chose to assume that the few cities that reported discrete sources of revenue (sales taxes, property taxes and state-shared taxes) were typical. This sounds simple, but because cities use every conceivable combination of general fund transfers and specific revenues to fund their schools, the calculations were actually very complex.

Developing average rates involved assuming that

1. if a city used only general fund transfers to supplement the funds it received from the county, then those transfers were

supported by all three major types of revenue available to it: property taxes, sales taxes, and revenue from state-shared taxes; but

2. if a city used general fund transfers, but reported specific amounts from one or more of the three major sources, then the transfers were supported by the remaining sources, and
3. in either case, the cities making general fund transfers used the revenues available to them at the same rates as cities reporting those revenues explicitly.

The difficulty with these assumptions is that so few cities report specific revenues by source that it cannot be said with confidence that the rate at which they use those sources is typical. Unfortunately, there is no other basis for calculating average rates. Rates based on these assumptions are shown in Table 1.

**Table 1. Average Rates Based on Actual Revenue by Source**

<b>Source of Revenue</b>	<b>Average Effective Tax Rate</b>
Shared Revenue from County Sales Taxes	1.40%
Shared Revenue from County Property Taxes	\$1.35 <i>per \$100 assessed value</i>
Unshared Revenue from Sales Taxes (Cities Only)	0.29%
Unshared Revenue from Property Taxes	
◆ City School Systems	\$0.75 <i>per \$100 assessed value</i>
◆ Special School Districts	\$0.66 <i>per \$100 assessed value</i>
Unshared Revenue from State-shared Taxes	
◆ County School Systems	31.51% <i>of amount available</i>
◆ City School Systems	0.33% <i>of amount available</i>

## **APPLICATION OF THE AVERAGE-TAX-RATE MODEL TO THE BEP FORMULA**

With few exceptions, the average rate approach produced fiscal capacity values for cities and special school districts that were larger than those produced by the regression-based prototype. This result heightened concern about the assumptions required to produce the model and about two other deficiencies in the approach relative to the current county-based model for equalization. Given that most cities use transfers rather than specific tax rates to fund schools, is it really possible to calculate accurate tax rates? Similarly, is it possible to weight county versus city versus special school district revenue sources appropriately without a statistical approach? And how does the absence of any measure of taxpayer equity bias the results of this approach? The results indicate that it may. Finally, as noted in the side bar on page 3, there is no way to incorporate an objective measure of any service burden into an average-tax-rate model. That and the lack of a taxpayer equity measure is why this method is called a tax capacity model rather than a fiscal capacity model.

The result of using these tax capacity figures based on the revenue estimates produced by the average rate model to equalize funding from the Basic Education Program (BEP) formula are presented for each school system in Tables 2 and 3 on the following pages.<sup>4</sup> Table 2 shows the increases and decreases in state revenue that would have occurred if the model described here had been used in the current fiscal year. Fifty-seven systems would see their state funding decrease, and seventy-nine systems would see their funding increase compared to the prior year

based on the two years in this comparison. The cost of holding the systems harmless for the decreases in funding would be \$75 million. Table 3 shows the within year differences that would have occurred. The prototype regression-based model provided by the interagency staff group to the Governor's Task Force, and later to the BEP Review Committee, and described in *A Prototype Model for School-System-Level Fiscal Capacity in Tennessee: Why and How (October 2005)* is both more favorable to more school systems and less costly to implement.

Fiscal capacity models for equalization include measures of unmet service burden and taxpayer equity along with tax base measures.

Tax capacity models include tax bases, but not the other equity measures. This lack makes it difficult to achieve equity with tax capacity models unless the funding formula (BEP) compensates for high-cost students and fiscal inequities.

<sup>4</sup> Details of the calculations required to produce the figures in Columns 1 through 3 may be found on TACIR's web site at [www.state.tn.us/tacir](http://www.state.tn.us/tacir). [full source to be added when published]



**Table 2. One-year Change in State Funding with ATR Model  
2004-05 and 2005-06 School Years**

System Name	2004-05	2005-06 BEP State Funding		
	State Funding	w/Prototype	Increases	Decreases
Anderson County	22,233,000	25,219,000	2,986,000	
Clinton City	3,024,000	2,093,000		(931,000)
Oak Ridge City	13,781,000	11,430,000		(2,351,000)
Bedford County	23,181,000	25,473,000	2,292,000	
Benton County	8,699,000	9,277,000	578,000	
Bledsoe County	8,227,000	8,170,000		(57,000)
Blount County	33,372,000	36,069,000	2,697,000	
Alcoa City	3,794,000	1,451,000		(2,343,000)
Maryville City	13,353,000	10,297,000		(3,056,000)
Bradley County	26,795,000	29,929,000	3,134,000	
Cleveland City	12,707,000	9,476,000		(3,231,000)
Campbell County	22,436,000	22,531,000	95,000	
Cannon County	8,512,000	8,708,000	196,000	
Carroll County	1,492,000	1,782,000	290,000	
H Rock-Bruceton SSD	2,658,000	2,787,000	129,000	
Huntingdon SSD	4,528,000	4,388,000		(140,000)
McKenzie SSD	4,575,000	4,707,000	132,000	
South Carroll Co SSD	1,551,000	1,579,000	28,000	
West Carroll Co SSD	3,861,000	3,855,000		(6,000)
Carter County	22,335,000	24,461,000	2,126,000	
Elizabethton City	7,307,000	6,063,000		(1,244,000)
Cheatham County	24,900,000	26,082,000	1,182,000	
Chester County	9,299,000	9,640,000	341,000	
Claiborne County	18,239,000	19,198,000	959,000	
Clay County	4,994,000	4,997,000	3,000	
Cocke County	16,909,000	18,069,000	1,160,000	
Newport City	2,395,000	1,538,000		(857,000)
Coffee County	12,554,000	14,809,000	2,255,000	
Manchester City	3,827,000	3,491,000		(336,000)
Tullahoma City	10,509,000	9,603,000		(906,000)
Crockett County	6,775,000	7,032,000	257,000	
Alamo City	1,898,000	1,864,000		(34,000)
Bells City	1,586,000	1,617,000	31,000	
Cumberland County	22,420,000	20,608,000		(1,812,000)
Davidson County	140,628,000	153,789,000	13,161,000	
Decatur County	5,628,000	5,856,000	228,000	
DeKalb County	9,352,000	9,047,000		(305,000)
Dickson County	25,905,000	26,790,000	885,000	
Dyer County	10,741,000	12,476,000	1,735,000	
Dyersburg City	10,707,000	9,532,000		(1,175,000)
Fayette County	12,432,000	11,204,000		(1,228,000)
Fentress County	8,809,000	9,316,000	507,000	
Franklin County	20,748,000	21,088,000	340,000	
Humboldt City	5,354,000	4,834,000		(520,000)
Milan SSD	6,828,000	6,792,000		(36,000)

**Table 2. One-year Change in State Funding with ATR Model (cont.)  
2004-05 and 2005-06 School Years**

System Name	2004-05	2005-06 BEP State Funding		
	State Funding	w/Prototype	Increases	Decreases
Trenton SSD	4,887,000	4,900,000	13,000	
Bradford SSD	2,206,000	2,222,000	16,000	
Gibson County SSD	9,078,000	9,200,000	122,000	
Giles County	13,755,000	16,001,000	2,246,000	
Grainger County	13,734,000	14,031,000	297,000	
Greene County	23,037,000	24,978,000	1,941,000	
Greeneville City	9,081,000	6,684,000		(2,397,000)
Grundy County	9,353,000	10,210,000	857,000	
Hamblen County	25,229,000	28,343,000	3,114,000	
Hamilton County	83,241,000	96,474,000	13,233,000	
Hancock County	4,819,000	4,620,000		(199,000)
Hardeman County	18,342,000	18,173,000		(169,000)
Hardin County	12,299,000	12,107,000		(192,000)
Hawkins County	26,354,000	28,433,000	2,079,000	
Rogersville City	2,236,000	1,557,000		(679,000)
Haywood County	13,247,000	13,281,000	34,000	
Henderson County	11,717,000	13,134,000	1,417,000	
Lexington City	3,576,000	2,781,000		(795,000)
Henry County	10,054,000	10,609,000	555,000	
Paris SSD	4,731,000	4,601,000		(130,000)
Hickman County	15,623,000	15,741,000	118,000	
Houston County	6,059,000	6,036,000		(23,000)
Humphreys County	10,503,000	10,642,000	139,000	
Jackson County	6,759,000	6,816,000	57,000	
Jefferson County	24,995,000	24,534,000		(461,000)
Johnson County	9,758,000	9,269,000		(489,000)
Knox County	109,940,000	127,008,000	17,068,000	
Lake County	3,830,000	3,628,000		(202,000)
Lauderdale County	17,809,000	18,276,000	467,000	
Lawrence County	22,832,000	24,987,000	2,155,000	
Lewis County	7,584,000	7,410,000		(174,000)
Lincoln County	13,806,000	14,791,000	985,000	
Fayetteville City	3,463,000	2,600,000		(863,000)
Loudon County	15,458,000	15,071,000		(387,000)
Lenoir City	6,380,000	5,319,000		(1,061,000)
McMinn County	18,199,000	18,084,000		(115,000)
Athens City	5,369,000	3,314,000		(2,055,000)
Etowah City	1,341,000	1,149,000		(192,000)
McNairy County	14,766,000	16,190,000	1,424,000	
Macon County	13,642,000	14,464,000	822,000	
Madison County	33,478,000	38,845,000	5,367,000	
Marion County	14,117,000	14,360,000	243,000	
Richard City SSD	1,200,000	1,141,000		(59,000)
Marshall County	15,089,000	16,825,000	1,736,000	
Maury County	35,688,000	39,429,000	3,741,000	
Meigs County	7,890,000	7,354,000		(536,000)
Monroe County	18,666,000	18,676,000	10,000	
Sweetwater City	5,182,000	4,312,000		(870,000)

**Table 2. One-year Change in State Funding with ATR Model (cont.)  
2004-05 and 2005-06 School Years**

System Name	2004-05	2005-06 BEP State Funding		
	State Funding	w/Prototype	Increases	Decreases
Montgomery County	76,527,000	92,872,000	16,345,000	
Moore County	3,847,000	3,628,000		(219,000)
Morgan County	13,858,000	14,021,000	163,000	
Obion County	12,498,000	14,203,000	1,705,000	
Union City	4,354,000	3,527,000		(827,000)
Overton County	13,057,000	13,459,000	402,000	
Perry County	4,570,000	4,507,000		(63,000)
Pickett County	2,923,000	2,735,000		(188,000)
Polk County	9,743,000	9,705,000		(38,000)
Putnam County	27,547,000	30,158,000	2,611,000	
Rhea County	13,935,000	14,317,000	382,000	
Dayton City	2,533,000	1,669,000		(864,000)
Roane County	25,766,000	25,940,000	174,000	
Robertson County	33,048,000	35,648,000	2,600,000	
Rutherford County	84,520,000	101,350,000	16,830,000	
Murfreesboro City	17,745,000	9,615,000		(8,130,000)
Scott County	9,931,000	10,684,000	753,000	
Oneida SSD	4,715,000	4,765,000	50,000	
Sequatchie County	7,874,000	7,923,000	49,000	
Sevier County	29,317,000	21,558,000		(7,759,000)
Shelby County	122,229,000	156,746,000	34,517,000	
Memphis SSD City	330,341,000	357,321,000	26,980,000	
Smith County	11,079,000	12,127,000	1,048,000	
Stewart County	8,681,000	8,203,000		(478,000)
Sullivan County	33,728,000	35,982,000	2,254,000	
Bristol City	9,592,000	7,547,000		(2,045,000)
Kingsport City	16,621,000	9,865,000		(6,756,000)
Sumner County	78,163,000	84,395,000	6,232,000	
Tipton County	43,576,000	45,416,000	1,840,000	
Trousdale County	5,656,000	5,881,000	225,000	
Unicoi County	9,255,000	9,769,000	514,000	
Union County	13,569,000	13,283,000		(286,000)
Van Buren County	3,676,000	3,447,000		(229,000)
Warren County	19,736,000	21,488,000	1,752,000	
Washington County	23,141,000	24,901,000	1,760,000	
Johnson City	18,061,000	9,643,000		(8,418,000)
Wayne County	10,827,000	10,476,000		(351,000)
Weakley County	16,485,000	17,706,000	1,221,000	
White County	14,431,000	14,863,000	432,000	
Williamson County	54,739,000	67,208,000	12,469,000	
Franklin SSD	10,083,000	6,501,000		(3,582,000)
Wilson County	37,514,000	39,970,000	2,456,000	
Lebanon SSD	9,421,000	7,311,000		(2,110,000)
Statewide	\$ 2,701,172,000	\$ 2,859,960,000	\$ 233,747,000	\$ (74,959,000)

**Table. 3 Difference in State Funding with County Model  
Versus Average-Tax-Rate Model, 2005-06 School Year**

System Name	State Funding w/FY06 Capacity Models			Number of Students
	County Model	ATR	Difference	
Anderson County	23,307,000	25,219,000	\$ 1,912,000	6,811
Clinton City	3,151,000	2,093,000	(1,058,000)	902
Oak Ridge City	14,546,000	11,430,000	(3,116,000)	4,307
Bedford County	25,009,000	25,473,000	464,000	7,053
Benton County	9,464,000	9,277,000	(187,000)	2,462
Bledsoe County	8,826,000	8,170,000	(656,000)	1,859
Blount County	36,672,000	36,069,000	(603,000)	11,122
Alcoa City	4,324,000	1,451,000	(2,873,000)	1,386
Maryville City	14,523,000	10,297,000	(4,226,000)	4,604
Bradley County	28,490,000	29,929,000	1,439,000	9,349
Cleveland City	13,972,000	9,476,000	(4,496,000)	4,584
Campbell County	23,510,000	22,531,000	(979,000)	6,044
Cannon County	8,854,000	8,708,000	(146,000)	2,132
Carroll County	1,605,000	1,782,000	177,000	5
H Rock-Bruceton SSD	2,879,000	2,787,000	(92,000)	754
Huntingdon SSD	4,695,000	4,388,000	(307,000)	1,266
McKenzie SSD	4,952,000	4,707,000	(245,000)	1,332
South Carroll Co SSD	1,618,000	1,579,000	(39,000)	408
West Carroll Co SSD	4,059,000	3,855,000	(204,000)	1,064
Carter County	24,006,000	24,461,000	455,000	5,984
Elizabethton City	7,591,000	6,063,000	(1,528,000)	2,033
Cheatham County	25,929,000	26,082,000	153,000	6,952
Chester County	9,585,000	9,640,000	55,000	2,496
Claiborne County	19,467,000	19,198,000	(269,000)	4,725
Clay County	5,176,000	4,997,000	(179,000)	1,156
Cocke County	18,102,000	18,069,000	(33,000)	4,763
Newport City	2,512,000	1,538,000	(974,000)	694
Coffee County	13,640,000	14,809,000	1,169,000	4,270
Manchester City	4,139,000	3,491,000	(648,000)	1,266
Tullahoma City	11,080,000	9,603,000	(1,477,000)	3,651
Crockett County	7,021,000	7,032,000	11,000	1,733
Alamo City	2,036,000	1,864,000	(172,000)	494
Bells City	1,759,000	1,617,000	(142,000)	402
Cumberland County	23,682,000	20,608,000	(3,074,000)	6,980
Davidson County	144,703,000	153,789,000	9,086,000	70,189
Decatur County	6,016,000	5,856,000	(160,000)	1,539
DeKalb County	10,116,000	9,047,000	(1,069,000)	2,647
Dickson County	26,499,000	26,790,000	291,000	8,084
Dyer County	11,473,000	12,476,000	1,003,000	3,276
Dyersburg City	11,226,000	9,532,000	(1,694,000)	3,566
Fayette County	12,951,000	11,204,000	(1,747,000)	3,445
Fentress County	9,399,000	9,316,000	(83,000)	2,291
Franklin County	22,013,000	21,088,000	(925,000)	5,894
Humboldt City	5,497,000	4,834,000	(663,000)	1,494
Milan SSD	7,183,000	6,792,000	(391,000)	2,068

**Table. 3 Difference in State Funding with County Model (cont.)  
Versus Average-Tax-Rate Model, 2005-06 School Year**

System Name	State Funding w/FY06 Capacity Models			Number of Students
	County Model	ATR	Difference	
Trenton SSD	5,111,000	4,900,000	(211,000)	1,435
Bradford SSD	2,257,000	2,222,000	(35,000)	617
Gibson County SSD	9,531,000	9,200,000	(331,000)	2,690
Giles County	15,202,000	16,001,000	799,000	4,503
Grainger County	14,652,000	14,031,000	(621,000)	3,417
Greene County	24,445,000	24,978,000	533,000	7,039
Greeneville City	9,605,000	6,684,000	(2,921,000)	2,704
Grundy County	10,259,000	10,210,000	(49,000)	2,276
Hamblen County	26,980,000	28,343,000	1,363,000	9,401
Hamilton County	84,832,000	96,474,000	11,642,000	39,982
Hancock County	5,095,000	4,620,000	(475,000)	1,011
Hardeman County	18,755,000	18,173,000	(582,000)	4,384
Hardin County	13,110,000	12,107,000	(1,003,000)	3,761
Hawkins County	28,222,000	28,433,000	211,000	7,336
Rogersville City	2,226,000	1,557,000	(669,000)	626
Haywood County	13,878,000	13,281,000	(597,000)	3,492
Henderson County	12,744,000	13,134,000	390,000	3,487
Lexington City	3,692,000	2,781,000	(911,000)	1,007
Henry County	10,851,000	10,609,000	(242,000)	3,179
Paris SSD	5,131,000	4,601,000	(530,000)	1,527
Hickman County	16,802,000	15,741,000	(1,061,000)	3,831
Houston County	6,259,000	6,036,000	(223,000)	1,426
Humphreys County	11,053,000	10,642,000	(411,000)	3,018
Jackson County	6,944,000	6,816,000	(128,000)	1,610
Jefferson County	26,132,000	24,534,000	(1,598,000)	7,151
Johnson County	10,309,000	9,269,000	(1,040,000)	2,313
Knox County	114,086,000	127,008,000	12,922,000	53,182
Lake County	3,893,000	3,628,000	(265,000)	865
Lauderdale County	18,492,000	18,276,000	(216,000)	4,496
Lawrence County	24,262,000	24,987,000	725,000	6,724
Lewis County	7,762,000	7,410,000	(352,000)	1,893
Lincoln County	14,781,000	14,791,000	10,000	4,021
Fayetteville City	3,551,000	2,600,000	(951,000)	984
Loudon County	16,396,000	15,071,000	(1,325,000)	4,937
Lenoir City	6,989,000	5,319,000	(1,670,000)	2,161
McMinn County	18,796,000	18,084,000	(712,000)	5,772
Athens City	5,627,000	3,314,000	(2,313,000)	1,694
Etowah City	1,391,000	1,149,000	(242,000)	396
McNairy County	15,869,000	16,190,000	321,000	4,213
Macon County	14,476,000	14,464,000	(12,000)	3,662
Madison County	35,663,000	38,845,000	3,182,000	13,672
Marion County	14,752,000	14,360,000	(392,000)	4,081
Richard City SSD	1,197,000	1,141,000	(56,000)	334
Marshall County	15,899,000	16,825,000	926,000	4,892
Maury County	38,375,000	39,429,000	1,054,000	11,326
Meigs County	8,164,000	7,354,000	(810,000)	1,835
Monroe County	20,038,000	18,676,000	(1,362,000)	5,283
Sweetwater City	5,307,000	4,312,000	(995,000)	1,405

**Table 3 Difference in State Funding with County Model (cont.)  
Versus Average-Tax-Rate Model, 2005-06 School Year**

System Name	State Funding w/FY06 Capacity Models			Number of Students
	County Model	ATR	Difference	
Montgomery County	83,562,000	92,872,000	9,310,000	25,867
Moore County	4,043,000	3,628,000	(415,000)	975
Morgan County	14,483,000	14,021,000	(462,000)	3,238
Obion County	13,191,000	14,203,000	1,012,000	4,053
Union City	4,523,000	3,527,000	(996,000)	1,369
Overton County	13,805,000	13,459,000	(346,000)	3,314
Perry County	4,745,000	4,507,000	(238,000)	1,118
Pickett County	3,101,000	2,735,000	(366,000)	690
Polk County	10,336,000	9,705,000	(631,000)	2,534
Putnam County	28,912,000	30,158,000	1,246,000	9,887
Rhea County	14,924,000	14,317,000	(607,000)	3,922
Dayton City	2,621,000	1,669,000	(952,000)	695
Roane County	26,326,000	25,940,000	(386,000)	7,369
Robertson County	35,535,000	35,648,000	113,000	10,017
Rutherford County	93,845,000	101,350,000	7,505,000	30,959
Murfreesboro City	18,878,000	9,615,000	(9,263,000)	6,018
Scott County	10,857,000	10,684,000	(173,000)	2,649
Oneida SSD	5,060,000	4,765,000	(295,000)	1,298
Sequatchie County	8,439,000	7,923,000	(516,000)	2,011
Sevier County	31,372,000	21,558,000	(9,814,000)	13,523
Shelby County	130,836,000	156,746,000	25,910,000	44,815
Memphis City SSD	348,391,000	357,321,000	8,930,000	118,265
Smith County	12,227,000	12,127,000	(100,000)	3,165
Stewart County	9,104,000	8,203,000	(901,000)	2,145
Sullivan County	34,507,000	35,982,000	1,475,000	12,417
Bristol City	10,055,000	7,547,000	(2,508,000)	3,733
Kingsport City	17,206,000	9,865,000	(7,341,000)	6,444
Sumner County	83,094,000	84,395,000	1,301,000	24,516
Tipton County	45,918,000	45,416,000	(502,000)	11,246
Trousdale County	6,039,000	5,881,000	(158,000)	1,273
Unicoi County	9,598,000	9,769,000	171,000	2,558
Union County	14,424,000	13,283,000	(1,141,000)	3,125
Van Buren County	3,875,000	3,447,000	(428,000)	765
Warren County	20,830,000	21,488,000	658,000	6,104
Washington County	24,473,000	24,901,000	428,000	8,873
Johnson City	18,635,000	9,643,000	(8,992,000)	6,832
Wayne County	11,070,000	10,476,000	(594,000)	2,527
Weakley County	17,253,000	17,706,000	453,000	4,792
White County	15,281,000	14,863,000	(418,000)	3,860
Williamson County	61,149,000	67,208,000	6,059,000	23,665
Franklin SSD	10,658,000	6,501,000	(4,157,000)	3,777
Wilson County	39,966,000	39,970,000	4,000	12,904
Lebanon SSD	9,718,000	7,311,000	(2,407,000)	3,049
Statewide	\$ 2,859,965,000	\$ 2,859,960,000	\$ (5,000)	922,944



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