

Equity in education funding: a tale of two cities

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A standard of education equity has been set by the Tennessee Supreme Court—and it relates to all 136 school systems. The standard may not be definitive but it is explicit. The court has ruled that all school children in Tennessee must have “substantially equal educational opportunities.” The Court did not elaborate on how this was to be achieved.

From the beginning of the Basic Education Program—created by the Education Improvement Act in 1992—there has been a provision for 25 percent of the classroom portion and 50 percent of the non-classroom portion be provided by local governments and school systems based on “ability to pay.” The “ability to pay” was not defined by the legislature, but state policy makers selected a fiscal capacity model developed by the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) based on 95 counties (not 136 school systems).

In early 2003, Gov. Bredesen created a Task Force on Teacher Pay and charged the group broadly to study the equity of the present system. From those efforts came a recommendation for a system-level fiscal capacity model to replace the limited 95-county model. Two separate sub-groups worked on this issue, and the staff work was provided by the Comptroller’s Office and TACIR. After considerable work and consultations, a system-level model was submitted for consideration along with the Task Force’s recommendations. Subsequently, the BEP Review Committee recommended that a system-level model be adopted to replace the 95-county model.

This model has not been adopted, but it has created a firestorm of criticism and false accusations. Even so, no one has proposed an alternative. That leaves public education in Tennessee with a state funding formula that has 136 local school systems, but a fiscal capacity model based on 95 counties. And this despite the fact that cities and counties have different tax structures and different obligations to fund education. I am predisposed to ask: Where is the equity in that?

Some have criticized the system-level model because it allegedly discriminated against city school systems, asserting that this is unfair because these systems make the greatest fiscal effort and achieve the greatest results. There are two fundamental observations to make about this. First, this is a conclusion that public education advocates have made for years; that is, to produce quality results, school systems must be willing to spend appropriate amounts of money. Money makes a significant difference and nowhere is that clearer than in the “lighthouse” city school systems, which perform very well indeed, but spend much more than average.

The second observation should be clear: cities can make this extra effort because they have both the capacity and the statutory authority it requires. They can add revenue from taxes imposed inside their borders, and they do not have to share those proceeds with any other system in the county. By contrast, county systems have to share every local dollar they raise from any source of revenue. So Anderson County Schools spend \$7,297 (2005) per pupil while Oak Ridge spends \$9,943. Thus, Anderson County spends only 73 percent per pupil as much as Oak Ridge (the highest spending system in the state). Does this level of disparity meet the constitutional standard?

Under the system-level model, Oak Ridge (\$2,788 per pupil) and Memphis (\$2,767) have nearly identical fiscal capacities, and yet Memphis has 32,700 pupils in poverty—one in four—compared to Oak Ridge at 637 (16 percent). So, in closing, I raise the question of equity and the constitutional standard for public education in Tennessee: Do the children of the Anderson County system and the children of Memphis receive a “substantially equal” education? If money is important, and Oak Ridge proves that it is, whither the children of Memphis? The reality is that

with the 95-county model, the poor children of Memphis are subsidizing the rich children of Oak Ridge.

If the 136-system model were introduced in FY 2008, the expected outcome would be as follows: State funding would increase for 101 systems—including more than one in four cities and special school districts—and decrease for 35. Ensuring that state funding for the 11 percent of the students who attend these 35 systems would not decrease, will cost approximately \$50 million.

“There is a structural inequity in the existing 95-county model that causes school children to be treated unfairly. It is time for a change.

Editor’s note: This column is in response to the *TT&C* March 13 guest column by Angi Agle of the Oak Ridge Board of Education. Both columns represent the opinions of the writers.