

**Report to the Commission
Governor's Basic Education Task Force
Meeting of September 23, 2014
Meeting of August 13, 2014**

The Governor's Basic Education Task Force has met periodically since March to review education funding for local K-12 education. In the September 2014 Newsletter to the Commission (attached), we addressed issues discussed at the August meeting of the Task Force. We noted that education funding lawsuits across the nation have been based on two categories: (1) adequacy- is enough money being provided? and (2) equity- are systems receiving a relatively equal share of funding?

The September 23, 2014 Task Force meeting reviewed the main issue of equity which the state has attempted to address with the Fiscal Capacity formula of TACIR (Tennessee Advisory Commission on Intergovernmental Relations) and/or the CBER/Fox Model (Center for Business Economic Research headed by Dr. Bill Fox, PhD. at the University of Tennessee).

Presentations were given related to the TACIR fiscal capacity by Lynnis Patrick, Executive Director and the CBER model by Bill Fox, PhD.

A number of significant points were discussed during the presentations. These points were as follows:

1. Funding inequities existing among systems comparing city systems with county systems. These funding inequities are due to:
 - a) Cities having an additional revenue source that county do not have;
 - b) Fiscal capacity being measured at a county level instead of a school system level. Most wealth (more revenue) can be generated in cities than counties. Under the current county level measurement of wealth, a county is poorer than a city but the county's wealth is reflected as higher due to the city's wealth and a city's wealth capacity is reduced due to the consideration of the county's lower level of wealth.
2. As stated by Comptroller Justin Wilson during these economic times there are no additional funds available to grant additional funding in K-12 education.
3. Challenge #1- "Any change in the equalization method will necessarily cause shifts in state funding across Tennessee's 141 public school systems and is, therefore, highly controversial."
4. Challenge #2- "Still the current method in the words of the Comptroller's Office creates a structural flaw because it attempts to equalize funding in a system-level formula at the county-level."
5. Challenge #3- "Correcting this flaw is particularly problematic in Tennessee because of fiscal complexity of its local systems for funding public schools."

My take on the meeting is that little change in fiscal capacity formula is anticipated over the next year although the city/county fiscal capacity issues have been acknowledged. The reason that little change is anticipated is due to a lack of anticipated increase in funding thus any change in fiscal capacity formula will benefit one system at the expense of another system. Therefore, I don't anticipate any significant addition of education dollars for Roane County.