

**School Liaison Subcommittee Report**  
**March 7, 2014**  
**Meeting with State Department of Education**

**Subcommittee members:** Director of Schools Gary Aytes, School Board member Wade McCullough, County Commissioner Ron Berry and County Executive Ron Woody

**Others present:** State Senator Ken Yager's Liaison Will Ridley, Executive Director of Local Finance for Tennessee State Department of Education Maryanne Durski

**Meeting Date and Time:** March 7, 2014 at 10:00 a.m. CST

**Location:** State Department of Education

**Purpose:** Discussion of state education funding

The meeting discussions consisted of:

FISCAL CAPACITY

- UT Fox fiscal capacity model has two components sales tax and property tax
- TACIR fiscal capacity model has seven components; the main three are sales tax, property tax and per capita income

Conclusion was that Roane County appears to benefit from the TACIR fiscal capacity model due to a lower per capita income.

STATE RAISES

The Governor's goal appears to equalize teacher pay across the state thus the 2% proposed state raises would not necessarily have to be applied to the teacher salary scale as long as the system was paying the minimum salaries required; however, funds would have to be used for salary differentials and/or related benefits.

TCRS RETIREMENT RATE

The TCRS Retirement Rate for Education would be increasing for fiscal year 2015 from 8.88% to 9.04%

CITY/COUNTY COMPARISONS

Executive Woody stressed that the State Department of Education should not have comparison data for all school systems, but should compare counties to counties and special school districts and cities to the special school districts and cities. This argument is based on the fact that city systems are eligible, and most if not all receive, additional funding that does not have to be shared with county systems. Woody used the example of recent news articles relating the discussion of a city system's construction of a jumbotron, astro turf stadium or new fieldhouse when some county systems were not able to buy textbooks.

## STATE PER PUPIL FUNDING

The committee also discussed the state giving the Roane County students that goes to Oak Ridge city school more per pupil funds than a student that goes to Roane County schools.

### ACTION ITEMS:

1. Roane County should be at the table (meetings) with the newly appointed Governor's task Force on BEP Funding.
2. Roane County should be at the table (meetings) of the BEP Review Committee
3. DOE's Maryanne Durski was to report on where the per capita income was calculated at the business or residence level? *The per capita income is based on the place of residence per Melissa Brown at TACIR*
4. DOE's Maryanne Durski was to research the Cost Differential Factor (CDF) with UT CBER. *UT CBER does not look at specific companies or corporations in the CDF calculation. Rather it is based on a weighted average wage for each county. This weighted average is comprised of 14 non-governmental industry sectors (Natural Resources and Mining; Construction; Manufacturing; Wholesale Trade; Retail Trade; Transportation and Utilities; Financial Activities; Professional and Business Services; Education Services; Health and Social Services; Leisure and Hospitality; Other Services; and Unclassified). The weights used in calculating each county's average wage are the percentage of **state employment** in each of the 14 industries. Thus, the weighted average wage is calculated by multiplying the state's average percentage of employment in the industry times the county's average wage in the industry. **This approach means that the resulting average wage varies between counties only because of differences in the wages paid in the county and not because of difference in importance of the industry to the county.***

## ROANE COUNTY ANTICIPATED REDUCTION IN PROPERTY ASSESSMENT

It would appear that based on current sales data that Roane County will have a reduction in property assessment in 2015 and that the 2010 assessment was artificially high due to the TVA ash spill (positive employment impact and purchasing of 100 houses and 1,000 acres) along with federal stimulus spending at DOE facilities. Roane County should anticipate a reduced fiscal capacity in 2016 under both TACIR and UT CBER/Fox models.

Report submitted by Ron Woody, Roane County Executive