

SCHOOL FUNDING SUFFICIENT IF SCHOOL DISTRICT SMALL ENOUGH TO CUT THROUGH BUREAUCRACY



Many are glad that Tennessee is 48th in tax burden, according to WalletHub. But, not so happy that TN, correspondingly, ranks 45th in per pupil spending, according to the National Education Association. Tennessee significantly underfunds education.

However, as any business knows there are two ways to improve the bottom line: (1) increase revenue (i.e. taxes in this case) or (2) decrease overhead.

Overhead in education isn't in the classroom but in central office. A good case in point is HCDE. The recent report by the School System Viability Committee (SSVC) identified an annual \$1.9 million surplus for the Signal Mountain School District without any more funds flowing from Hamilton County to Signal schools. Incredibly, roughly \$1.2 million of this surplus was realized through a reduction of central office expenses.

Imagine what \$1.2 million could do in the classroom. The SSVC identified some of the possibilities:

- *Increase guidance counselor positions from part-time to full-time at Nolan and Thrasher (\$43,300)*
- *Increase building maintenance allowance to \$1.47 per square foot to bring up to industry standard and reduce or eliminate deferred maintenance (currently ranging from \$.23 to \$.87 per square foot) (\$461,500)*
- *Field maintenance for athletics (\$75,000)*
- *Extracurricular transportation to local events (\$50,000)*
- *Buses added to allow for later start time at SMMHS (\$147,600)*
- *Fine arts funding for instructor stipends and supplies (\$100,000)*
- *Increase professional development allocation for teachers (\$50,000) Increase capital outlay to \$0.70 per square foot (a pro rata share of HCDE capital outlay indicates a current rate of less than \$.02 per square foot for Signal Mountain schools) (\$283,700)*

This isn't to say that the formation of a Signal Mountain School District wouldn't require a property tax increase. It may require a small one as the SSVC report noted:

"Under current law the Town of Signal Mountain would remain obligated to contribute an amount equal to \$0.15 per \$100 of assessed property value within the Town....Property tax on real property is based on the assessed value, which is supposed to equal 25 percent of the fair market value of the property (although in reality it is usually less than 25 percent). By way of example, a home valued at \$400,000 would be assessed at \$100,000 for tax purposes. If the state requirement of a municipal contribution equal to \$0.15 per \$100 of assessed taxable property value were to be approved by the voters, this would add \$150 to the tax applicable to that property."

This is \$37.50 for each \$100,000 of home value.

It's easy to point to the quick solution of "just raise taxes", but it is equally important to ensure school districts are small enough to cut through the bureaucratic kudzu to ensure those precious funds make it to the classroom.