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IN THIS REPORT

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The American Recovery and Reinvestment Act and the Qualified School Construction Bond program present new opportunities to make progress against these problems.

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CAPITAL EXPENDITURES FOR PUBLIC SCHOOLS[1]

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EXECUTIVE SUMMARY

This report examines the impact of the Education Improvement Act (EIA) on total capital outlays for schools, and the relationship between those outlays and average daily attendance (ADM), school building condition, and the use of temporary classrooms.

Much has been gained by the EIA. By the deadline, 100% of school systems were in compliance, and no waivers were granted. The percentage of students in temporary classrooms declined from 5.4% to 4.2%. The number of systems with facilities rated "Poor" declined from 16 to 8, and the actual number of "Poor" schools went down from 44 to 20. In the 5-year period examined in this study, the number of schools rated in "Excellent" condition rose by 70%.

However, despite impressive, often heroic, capital expenditures, many systems still have problems that need to be addressed. Capital expenditures for schools have been driven by the EIA, but also by normal wear and tear, and by growth. Systems were affected by the EIA in different ways. Some already met the class-size requirements. Some took the EIA as a motivation to address long-festering problems and responded positively. Others, in spite of their efforts, continue to grapple with rapid growth and deteriorating building conditions. With all of the achievements of the EIA, many systems still have unresolved problems that will be difficult to address because of the indebtedness they incurred to meet the EIA's class-size requirements.

[1]The data used in this report are from Table 7A (Average Daily Membership), Table 45 (Debt Service), and Table 46 (Capital Projects) of the Annual Statistical Reports of the Tennessee Department of Education, and from line items 14800 (Amounts Provided for Debt Retirement), 49810 (Municipal General Fund Transfers to City Schools), 81300 (Principal/Interest on Bonds), 91300 (Education Capital Projects), 99100 (Transfers from City Schools to Municipalities for Debt Expenses), and 510000 (School Debt Expenditures by Local Non-Education Agencies) from the certified annual audits of the 136 local education agencies. Certified audits are submitted to the Office of the Tennessee Comptroller and compiled by the Tennessee Department of Education (TDE).

The American Recovery and Reinvestment Act and the Qualified School Construction Bond program present new opportunities to make progress against these problems.

INTRODUCTION

The Education Improvement Act of 1992 (EIA) required smaller class sizes in Tennessee public schools by the fall of 2001. This mandate generated an unprecedented level of capital spending across the state as local school systems built new buildings and remodeled or expanded existing school facilities. Eight years after the new class size requirement, however, Tennessee's public schools still have substantial unmet capital needs. The purposes of this report are to review the capital spending experience at the time of the EIA and to determine whether there are implications for current public policy.

School system experiences in responding to the Education Improvement Act still have policy implications eight years later.

The 5-year period 1999-2000 through 2003-2004 was selected for this analysis because it encompasses the year the mandate became effective, as well as the 2 preceding years and the 2 following years. The report looks at school system responses to the EIA, including total capital outlay, the use of temporary classrooms, changes in the perceived condition of school facilities, and how increases or decreases in average daily membership (ADM) affected capital spending. Finally, the report explores the relationship between actual capital spending for schools and the projected school infrastructure needs estimates in the public infrastructure needs inventory compiled by the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) in its public infrastructure needs inventory.

Appendix A lists the 136 current local public school systems. There are 94 county systems, 28 municipal systems, and 14 special districts. There were 138 systems in 1999-2000, but during the 5-year period 2 municipal systems, Covington and Harriman, ceased operations.

Capital outlay expenditures include 2 components. The first, shown in Appendix B, is capital projects. Capital projects involve major expenditures for land acquisition, construction of new schools, or extensive additions or renovations to existing facilities. In most cases, a school system incurs long-term debt for capital projects, and the amounts are often sizable. Capital projects do not include regular capital outlays commonly used to purchase computers, furniture, playground equipment, and similar items.

The other capital outlay component is debt service, shown in Appendix C. This element includes only principal and interest on bonded indebtedness. All bonds of county and city school systems, unless made subject to a referendum, must be authorized by the county or city government. In many cases, school bonds are issued separately, usually

for a specific facility or acquisition. In other cases, the school board receives revenues from a general bond issue initiated by the county or city government. The debt service category includes amounts paid by the school system directly, as well as those paid on behalf of the system by the county or city. Many systems have both types. This category does not include principal or interest payments on notes, which are usually issued for shorter terms and for more immediate purposes.

It is possible that some non-classroom Basic Education Program (BEP) monies are used for debt service or capital education projects, but usually these are not broken out separately in financial reports. Some transactions reported as fund transfers may be used for capital outlays, but are excluded here because they could be used for various purposes. Similarly, in the case of municipal systems, general fund transfers from the city to the school system are not counted in the capital outlay totals because their use is not specified. Because the amounts involved are substantial, however, these transfers are shown separately in Table 5.

35% of public school systems had no capital expenditures for the 5-year period examined. This indicates that many of them took steps to meet the class-size mandate well before the deadline or were already in compliance.

The most notable fact emerging from Appendix B is that 47 school systems (35% of the total) had no capital project expenditures during the 5-year period 1999-2004. In contrast, only 2 systems, Union City and Dayton, showed no debt service expenditures for the same period. This seems to indicate that most systems requiring new capital investments to meet the EIA classroom size mandate undertook those projects before 1999, well in advance of the deadline. It is possible also that many school systems were already at or close to the desired class size and did not need new or expanded facilities to meet the mandate. For instance, all high schools were already in compliance with the 1:30 class-size requirement at the time the EIA was enacted. Because school systems had a 9-year advance notice of the new requirement, all were in compliance at the deadline, and no waivers were granted.

It should be noted that the debt service and capital projects data do not match up. The capital projects total is a true total for the period; however, the debt expenditures in Appendix C show all the bonded indebtedness in effect during the 5 years and include obligations incurred in previous years. This report presents a 5-year snapshot of capital outlays for the years immediately before and after the mandate took effect. The combined total of $3.6 billion for projects and debt service over this period—including more than $2 billion in new projects—is quite impressive. To put this into perspective, the total for capital projects and debt service in school year 2003-04 represent 11.7% of the total expenditures by all school systems for that year.

The capital projects expenditures in Appendix B show that the EIA classroom size mandate deadline was well-anticipated by school systems. As shown in Table 2, local governments spent $447.4 million on school capital projects in 1999-2000. The total peaked at $497.7

million in 2001-02 and then declined to $371.8 million in 2003-04. Debt service expenditures (Appendix C), on the other hand, showed a marked increase. Total debt service outlays went from about $201 million in 1999-2000 to $366.6 million in 2003-04, an increase of 82.4%. Of Tennessee's school systems, 67% had the same or higher debt service expenditures in 2003-04 than in 1999-2000. This seems to indicate that most already had some debt and assumed more to meet the EIA mandate.

Table 1 shows the overall changes in average daily membership and the number of schools for the 5-year period 1999-2004. Gains in the number of students were reported by 70 school systems, while 66 systems experienced losses. As expected, the number of new schools steadily increased, presumably because of the EIA mandate. The number of new schools grew at a rate twice that of increases in the number of students. In the first year after the smaller class size requirement became effective, 23 new schools were built across the state.

As a result of the class-size mandate, 23 new schools were built across the state. Most school systems had outstanding debt prior to the EIA and assumed more in order to meet the smaller class-size requirements.

Table 1. Five-Year Changes in Number of Students and Schools

	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	% Change
Students	894,397	896,556	900,510	903,388	911,735	1.9%
School Buildings	1,611	1,623	1,646	1,659	1,677	4.1%

Table 2 shows the totals for debt service and capital project outlays and summarizes Appendices B and C. The capital spending that resulted from the EIA classroom size mandate is evident in this table. The target year was 2001. Capital projects spending peaked that year while debt service was still increasing. Note that by 2003-04 debt service payments were almost as much as total capital projects spending.

Table 2. Debt Service and Capital Projects Spending by Local School Systems

Fiscal Year	Debt Service	Capital Projects
1999-2000	$ 200,967,213	$ 447,409,635
2000-2001	290,465,947	447,852,597
2001-2002	251,645,344	497,680,501
2002-2003	332,386,410	384,367,602
2003-2004	366,596,815	371,793,502
Totals	**$ 1,442,061,729**	**$ 2,149,103,837**

The school systems that spent the most and the least for capital outlays are shown in Table 3. The biggest spenders are not surprising—the districts serving the state's "Big 4" urban areas, as well as the fastest growing counties. What is surprising, however, is that 2 of the top 4, Davidson and Knox, had minimal ADM increases. Madison and Hamilton counties landed on the high spending list even though both had actual declines in ADM. Some 48.5% of all the state's school systems lost students between 1999 and 2004. This leads to the conclusion that spending for the EIA mandate in half the counties was to accommodate

Table 3. School Systems with the Largest and the Smallest Capital Outlays 1999 through 2004*

School System	Capital Projects	Debt Service	Schools Rated Poor		Schools Rated Fair		Portable Classrooms		5-Year Change in Number of Students
			1999	2004	1999	2004	1999	2004	
Davidson County	$ 406,188,053	$ 220,502,292	0	0	46	40	555	362	1.6%
Shelby County	168,241,364	225,797,786	5	0	23	15	157	160	6.1%
Rutherford County	185,426,939	110,924,532	0	0	6	0	106	121	17.7%
Knox County	124,765,738	71,914,119	19	13	42	33	189	141	1.7%
Williamson County	136,788,010	49,716,624	0	0	0	0	35	32	14.9%
Hamilton County	206,721	103,422,295	3	1	11	10	133	123	-3.0%
Madison County	67,091,881	18,693,585	0	1	0	1	46	43	-1.3%
Montgomery County	73,177,710	3,645,471	0	0	3	1	30	52	6.4%
Putnam County	48,182,337	24,633,675	3	1	9	1	13	0	4.8%
Moore County	154,547	23,689	0	0	0	0	1	1	0.0%
Manchester	0	80,593	0	0	0	0	6	6	6.8%
Elizabethton	0	20,000	0	0	0	0	4	2	-3.5%
Lawrence County	0	10,000	0	0	2	0	22	29	-2.7%
Dayton	0	0	0	0	0	0	2	2	-1.1%

*Total capital outlays are comprised of debt service plus capital projects.

students already in school. The highest growth counties, Rutherford and Williamson, exhibited both large ADM increases and capital outlays.

Pursuant to legislation passed in 1996, the Tennessee Advisory Commission on Intergovernmental Relations compiles an annual public infrastructure needs inventory that assesses, among many other things, the condition of public school facilities. School officials are asked to rate components of their facilities as "Excellent," "Good," "Fair," or "Poor" using a prescribed facility rating scale (see Glossary). Then they estimate the total cost of repairs, renovations and modernizations needed to bring schools up to a "Good" overall condition. While there is no mandate for school systems to have all their buildings in "Good" condition, this is considered a desirable public policy goal. Similarly, the state does not limit the number of portable classrooms, but ideally, most parents prefer that their children be educated in permanent classrooms. At a minimum, compiling such information gives policymakers a "scorecard" by which to assess the progress and needs of individual school systems.

The data indicate that the capital outlays of many school systems between 1999 and 2004 were used to reduce the number of school buildings rated "Poor" or "Fair;" however, after spending more than a half billion dollars over 5 years, Davidson County still had 362 portable classrooms and 40 schools rated in "Fair" condition in spite of the absence of growth pressures. Shelby, Rutherford, and Montgomery all experienced high growth and, in spite of impressive capital expenditures, had more portable classrooms at the end of the period. Madison County, with outlays exceeding $67 million, lost ground on building condition, and to made little headway in replacing portables with permanent classrooms.

Of the lowest spending school systems, only Dayton had no debt service expenditures or capital projects for education between 1999 and 2004. Presumably, the system, with just over 700 students, had sufficient space in existing schools to meet the EIA requirements, which reduced class sizes by about 4½ students on average. Some school systems, especially those with few students and little or no growth were probably already at or near the target class size before the EIA mandate. Lawrence County, with declining overall enrollment and minimal capital outlays, still had a 32% increase in temporary buildings.

Officials attribute this to 3 or 4 schools that experienced an influx of new students. Manchester, which had about $80,000 in outlays and the same number of portables at the end of the 5-year period as at the beginning, may be falling behind the spending curve with enrollment growth of 6.83%—comparable to several systems on the high-spending list and far above the state average of 1.9%.

Table 4 shows the level of capital spending for the 22 systems with buildings rated "Poor." Only 6 systems had more than 1 building in poor condition and of those, only Knox County had inadequate facilities in double digits throughout the 5-year period. As mentioned previously, building assessments are made by officials in each school system using the inventory's facility rating scale. Knox County's numbers are so much higher than those of other systems that one wonders whether this is because of a difference in perception. The same question arises with regard to Athens (see footnote to Table 4). Perhaps the best indicator is that the number of "Poor" buildings decreased by 55% between 1999 and 2004.

Table 4. School Systems with Facilities Rated "Poor"*

School System	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	Capital Projects	Debt Service
Shelby County	5	0	0	0	0	$ 168,241,364	$ 225,797,786
Knox County	19	14	14	14	13	124,765,738	71,914,119
Hamilton County	0	1	1	0	0	206,721	103,422,295
Madison County	3	1	1	1	1	67,091,881	18,693,585
Montgomery County	0	0	1	1	1	73,177,710	3,645,471
Putnam County	3	3	2	2	1	48,182,337	24,633,675
Franklin County	1	0	0	0	0	35,968,437	16,478,919
Marion County	2	2	1	1	1	26,006,400	2,406,938
Cocke County	1	0	1	0	0	20,693,832	1,137,809
Overton County	1	0	0	0	0	17,243,407	3,268,137
Stewart County	1	1	0	0	0	14,574,435	4,885,770
Monroe County	0	1	0	0	0	16,544,465	2,737,573
Hawkins County	1	1	1	0	0	16,285,359	1,842,421
Hancock County	0	0	1	1	1	16,542,327	1,380,834
Bedford County	1	1	0	0	0	3,691,993	11,786,661
Johnson County	0	1	0	0	0	13,983,778	566,324
Jackson County	1	1	0	0	0	8,109,143	2,178,548
Dickson County	1	0	0	0	0	0	7,336,720
Hardin County	0	1	1	1	0	4,202,613	574,258
Cannon County	2	3	1	0	0	0	2,773,747
Scott County	1	1	1	1	1	0	935,338
Grundy County	1	1	1	1	1	0	817,916
Totals	**44**	**33**	**27**	**23**	**20**	**$ 675,511,940**	**$ 509,214,844**

*The Athens municipal system is the only one in the state that has consistently rated all of its school buildings as less than "Good" condition overall in the Public Infrastructure Needs Inventory. Athens has 5 buildings—all in either "Fair" or "Poor" condition. However, by the year 2004-05, all buildings had been brought up to "Good" condition.

Table 4 is instructive. Shelby County eliminated or upgraded its 5 schools rated "Poor," but debt service outstripped capital projects for the 5-year period, indicating high residual debt from earlier years. Knox County eliminated only about one-third of its "Poor" facilities despite substantial expenditures. Some school systems evidently decided to "bite the bullet" early to meet the EIA mandate. Putnam and Hancock counties show debt service burdens that made new capital projects either unnecessary or financially impossible. Other counties, such as Hamilton and Johnson, had capital projects, but debt service for those projects did not yet reflect them. Scott and Grundy counties had no capital projects

Table 5. Municipal General Fund Transfers to City School Systems

School System	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	Totals
Kingsport	$ 11,823,089	$ 12,286,254	$ 12,791,851	$ 12,932,167	$ 13,440,198	$ 63,273,559
Oak Ridge	8,830,065	9,553,768	9,949,638	10,646,242	10,646,242	49,625,955
Johnson City	10,581,193	8,618,468	8,424,637	9,259,114	9,259,114	46,142,526
Greeneville	6,638,330	9,788,307	13,849,393	7,593,589	4,365,000	42,234,619
Cleveland	3,996,634	4,153,723	4,257,314	4,325,823	4,393,961	21,127,455
Tullahoma	3,703,834	3,777,911	3,891,248	4,138,248	4,138,248	19,649,489
Murfreesboro	3,723,000	3,000,000	3,500,000	4,510,000	4,560,103	19,293,103
Bristol	3,060,000	3,130,000	3,190,000	3,290,000	3,340,000	16,010,000
Union City	1,351,508	3,857,847	5,523,920	2,116,725	1,212,500	14,062,500
Elizabethton	2,207,000	2,257,000	2,332,000	2,332,000	2,332,000	11,460,000
Humboldt	1,816,701	1,898,701	1,941,209	2,010,722	1,961,209	9,628,542
Manchester	1,133,536	1,193,252	1,253,994	1,253,994	1,293,994	6,128,770
Newport	522,000	562,000	562,000	578,000	611,000	2,835,000
Fayetteville	510,374	530,789	546,713	560,381	571,589	2,719,846
Athens	0	0	0	0	1,976,391	1,976,391
Clinton	381,503	381,500	381,500	381,500	406,500	1,932,503
Rogersville	220,500	220,500	260,500	332,625	369,379	1,403,504
Dayton	232,900	265,675	265,675	265,675	265,675	1,295,600
Memphis	1,080,321	0	0	0	0	1,080,321
Lenoir City	164,000	164,000	164,000	164,000	164,000	820,000
Dyersburg	0	0	0	100,221	470,671	570,892
Etowah	57,500	57,500	64,113	63,147	83,147	325,407
Alamo	72,414	72,414	72,414	0	72,414	289,656
Bells	30,000	30,000	26,000	47,000	47,000	180,000
Alcoa	0	0	0	0	0	0
Maryville	0	0	0	0	0	0
Lexington	0	0	0	0	0	0
Sweetwater	0	0	0	0	0	0
Totals	**$ 62,136,402**	**$ 65,799,609**	**$ 73,248,119**	**$ 66,901,173**	**$ 65,980,335**	**$ 334,065,638**

during the 5-year period and made no progress in eliminating "Poor" schools, although they had very low debt service.

In general, the 28 municipal school systems exist because the local citizens are willing to pay additional taxes to support city schools. This is manifested, in most cases, by general fund transfers from the city government to the school system. Table 5 shows that such transfers averaged $66.8 million per year over the 5-year period, and the total was just over $334 million. In most cases, fund transfers were in addition to debt service payments that the city made on behalf of the school system.

The governing bodies of four systems made no appropriations to schools from their general funds between 1999-2004 (Alcoa, Maryville, Lexington, and Sweetwater). In these cases, debt service payments may have substituted in part for general fund payments, but all four municipalities dedicate a portion of their property tax to schools.

Money alone may not be sufficient to solve all the problems of Tennessee's public schools, but this report shows that money is a necessary component of the overall solution. The capital outlay expenditures of the state's school systems have obviously produced real results:

- In 1999-2000, 99 school systems reported a total of $1.6 billion in capital costs for EIA-mandated class reduction. By 2003-04, this was down to 25 systems with only $70 million in costs.
- In 1999-2000, only 38 school systems showed zero EIA costs. By the end of the 2003-04 school year, 111 were at zero.
- As of June 2004, 82% of Tennessee's public school systems had no EIA related costs.
- In 2000, only 35 school systems had no portable classrooms, and 102 systems collectively served 5.4% of their students in temporary facilities. In 2004, 47 systems had no portables, and the percentage of students in temporary classrooms was down to 4.2%.
- Between 1999-2004 the number of school systems with "Poor" schools dropped from 16 to 8, and the number of schools dropped from 44 to 20.
- During the same 5-year period, the number of individual schools rated "Excellent" increased by 70%. By 2004, 85% of Tennessee's schools were rated "Good" or better.

As mentioned previously, one of the statutory responsibilities of the TACIR is to inventory the state's public infrastructure needs annually. The term "infrastructure," as it applies to public schools, includes capital outlays for technology and is, therefore, somewhat broader than "capital projects," which in this report refers only to expenditures for land and buildings. Also, the public infrastructure needs inventory captures only needs costing more than $50,000, whereas the capital outlay data includes all expenditures.[2] Nevertheless, it is interesting to see how estimates of public school infrastructure needs match up with actual capital outlays. Given that technology is a small part of the needs reported in the inventory (see Table 6) and that the $50,000 minimum excludes projects so small that they would likely be recorded as regular capital outlay, not capital projects, the differences in the coverage of the two data sets is probably minor.

Table 6. Estimated Public School Infrastructure Needs

Type of Need	1998-2003		1999-2004		2001-2006		2002-2007		2003-2008	
	Estimated Cost (in millions)	% of Total	Estimated Cost (in millions)	% of Total	Estimated Cost millions)	% of Total	Estimated Cost (in millions)	% of Total	Estimated Cost (in millions)	% of Total
New School Construction	$ 784.6	31.2%	$ 1,787.8	48.0%	$ 1,634.9	45.8%	$ 1,643.3	45.4%	$ 1,690.5	45.3%
EIA-Related Needs*	517.7	20.5%	1,321.5	35.5%	1,202.4	33.7%	681.0	18.8%	418.6	11.2%
Enrollment Growth and Other New School Needs	266.9	10.7%	466.3	12.5%	432.4	12.1%	962.3	26.6%	1,271.9	34.1%
Existing Schools	$ 1,735.8	68.8%	$ 1,864.9	50.0%	$ 1,907.8	53.5%	$ 1,954.7	54.0%	$ 2,014.7	54.0%
Facility Component Upgrades	1,004.2	39.8%	1,133.7	30.4%	1,472.7	41.3%	1,044.8	28.9%	1,178.8	31.6%
EIA Mandate	393.1	15.6%	305.7	8.2%	150.0	4.2%	125.7	3.5%	60.7	1.6%
Other State Mandates**	91.8	3.6%	9.3	0.3%	14.8	0.4%	32.8	0.9%	28.3	0.8%
Federal Mandates			197.0	5.3%	39.7	1.1%	35.4	1.0%	34.5	0.9%
Technology	246.7	9.8%	219.2	5.9%	230.5	6.5%	715.9	19.8%	712.4	19.1%
System-wide Needs			74.3	2.0%	23.2	0.7%	22.5	0.6%	26.8	0.7%
Statewide Total	$ 2,520.4	100%	$ 3,727.0	100%	$ 3,565.9	100%	$ 3,620.5	100%	$ 3,732.0	100%

*System-wide needs and new EIA school costs were combined in this first PINI report.
**State and federal mandates were not calculated separately in the first PINI report.

[2]Technology infrastructure projects in existing schools may be included, even if below $50,000.

Table 6 shows how estimated infrastructure needs have changed. The estimated costs of new school construction related to the EIA more than doubled from $517.7 million to $1.32 billion between the 1998 and 1999 inventories, and then declined steadily to $418.6 million as new facilities were built. EIA capital costs at existing schools declined from a high of $393.1 million to only $60.7 million. On the other hand, infrastructure needs resulting from enrollment growth and other needs have increased from about $267 million to $1.27 billion, and the need for facility upgrades has remained above $1 billion for each of the 5-year survey periods.

Table 7 fits the actual capital outlays to the inventory's estimates. Note that the numbers are not actually comparable. The inventory's estimates are future 5-year projections, and the outlay totals include debt service on bonds issued prior to the 5-year period. Nonetheless, these data provide a rough perspective on needs versus actual outlays. Estimated needs have increased with each survey, and total needs doubled from 1998 to 2004.

Table 7. Comparison of Inventory Estimates and Actual Capital Spending for Schools*

Fiscal Year	PINI Estimate of School Need	LEA Actual Capital Outlay
1998	$2.5 billion	
1999		$635,212,367
2000	3.8 billion	709,063,328
2001		713,073,081
2002	4.8 billion	706,665,632
2003		689,923,264
2004	5.1 billion	
Total		**$ 3,453,937,672**

*The PINI inventory estimates are for fiscal years. The Actual Capital Spending figures are based upon school years. The latter totals are derived by adding together debt service payments and capital projects.

Three pressures drive capital expenditures by local school systems. The first is normal wear and tear on buildings and facilities. The second is the Education Improvement Act's class size requirement, which necessitated additional classrooms in most systems. Third is enrollment growth. Some school systems felt only one source of pressure. Others experienced all 3 simultaneously. Some systems (Shelby, Rutherford, Montgomery) still have building condition problems and many temporary classrooms in spite of significant capital outlays. Of course not all capital demands resulted from the EIA, nor does all current spending pressure result from growth. Counties with declines in enrollment (Hamilton, Madison, Sullivan) still have needs, and all had high capital expenditures in spite of fewer students. Only 2 counties (Rutherford

and Williamson) rank among the top 10 for both enrollment growth and capital spending.

Some systems had no capital expenditures or very modest ones. Some of these have increased the number of portable classrooms, or have not addressed buildings with condition problems. Some are also experiencing enrollment growth. Those school systems need to take action before their capital needs become insurmountable.

The worldwide financial crisis of 2008 and 2009 has diminished the ability of local governments and school systems to raise needed capital. The state Director of Bond Finance reports that in the 6-month period from January through June of 2007, cities, counties, and school systems issued $912 million in bonds. In the 18 months from July 2007 through December of 2008, the total was $454 million. Pools such as the Tennessee Municipal League Bond Fund have seen increased borrowing activity. Although loans carry a variable rate, interest rates are quite low at present, and the principal is backed by a letter of credit from Bank of America. Although bond insurance companies have gone out of business or are no longer insuring public sector bonds, rating agencies such as Moody's and Standard and Poor's are still evaluating individual cities and counties. Fixed rate bond issues are being marketed based upon the issuer's underlying creditworthiness. Counties and cities with significant debt, high local unemployment, or whose property and sales tax revenues have declined because of economic problems, will have a very difficult time issuing new bonds for any purpose at an affordable interest rate.

Although the big push for new facilities to comply with the EIA has passed, there are still many problems with building conditions and portable classrooms.

This report shows a wide variety of capital funding experiences among school systems. The essential question for state policy makers is how best to facilitate capital spending assistance to local public school systems. The federal Qualified Zone Academy Bond (QZAB) program provides some assistance, but only for renovations and equipment. Those funds may not be used for new construction. Participation is limited to those schools that have 35% or more of their students on free or reduced-cost lunch programs. Notably, all systems except Williamson County have schools that are eligible.

The most significant and immediate capital assistance may come from the economic stimulus program enacted by Congress in the spring of 2009. Tennessee is expected to receive around $121 million this year, and a like amount in 2010 for new school construction projects from the Qualified School Construction Bond (QSCB) program. Memphis will receive an additional $40 million directly for new schools, and Nashville-Davidson County $20 million, for a total of $181 million. State agencies are currently grappling with administrative details: formulating applications; establishing criteria for eligibility; setting priorities; and trying to identify "shovel-ready" projects. Recipients of these federal monies will pay no interest, and will have 13 years to

repay principal. Projects must be underway by the end of 2010, and this deadline creates enormous pressures; however, it also creates an opportunity to make some long-term improvements.

Both the QZAB and the QSCB programs are administered by the Tennessee State School Bond Authority (TSSBA), which otherwise is used only to finance dormitories at institutions of higher education. It may be time to consider expansion of the TSSBA to make funds available to school systems so they can enjoy the benefits of economies of scale and access to the state's credit rating. By obtaining needed capital funds from a single source, local systems could avoid the costs involved in individual bond issuances and take advantage of opportunities to pool debt so that smaller entities with less capacity can access debt at more favorable rates. The state can borrow money in the market at lower rates than most cities and counties because of its superior financial resources and higher credit rating. The state would run virtually no risk from such loans since they would be backed by monies shared with local governments and by local tax revenues. The Tennessee Infrastructure Fund, which has for many years made such loans to cities and counties for public works projects, has demonstrated the worthiness of this concept. Although the big push for new facilities driven by the EIA has passed, the TACIR's infrastructure inventory still shows significant and increasing needs caused by growth and normal attrition. There are still many buildings that require upgrades, and ideally, all students should attend classes in permanent classrooms.

The State might also consider offering technical and administrative assistance through the Department of Education. Something like a division of capital assistance existed prior to 1992, but was abolished by the EIA in an effort to provide more discretion to local education agencies. Many states provide this type of assistance to local school systems either on a mandatory or voluntary basis. Some of the potential functions of this division would be

- facility planning advice,
- assisting with school siting decisions,
- facilitating consistent and uniform school building condition assessments,
- providing "state of the art" information for new schools,
- advocating and providing assistance for energy efficiency and "green schools,"
- assessing building renovations versus new construction,

Learning ***is*** affected by the school environment, and policy makers need to understand that capital spending is crucial to the attainment of educational goals.

- assisting school systems with the state's Public Infrastructure Needs Inventory,
- identifying and assessing school funding sources/options,
- integrating school statistics (building condition, ADM changes, existing debt, temporary classrooms) with capital planning,
- enhancing the cost effectiveness of capital expenditures, and
- promoting public support for school capital spending.

Given the current budget situation, this suggestion may have to await better times, but such a division could pay for itself through cost savings. It would also have the advantage of freeing local school boards from exclusive dependence on the private sector for technical and administrative assistance. If such an agency existed currently, it would enable the state to respond more quickly and effectively to the challenges created by the stimulus funds for new school construction.

More state and local funds are allocated to education than to any other governmental service. No other function has such a long-term impact on the future of our state. In an era of increased scrutiny and accountability, and shrinking resources, it makes sense to reevaluate all options. As concluded in TACIR's 2003 report *Do K-12 School Facilities Affect Education Outcomes?*, the school environment **does** influence learning, and Tennessee policy makers should give serious attention to the relationship between educational goals and capital outlays.

GLOSSARY

ADM: Average Daily Membership. This number is derived by dividing the number of students enrolled each day of an accounting period by the number of instructional days within that period.

BEP: Basic Education Program. The Basic Education Program (BEP) is the funding formula through which state education dollars are generated and distributed to Tennessee schools.

Capital Project: A major addition to the physical properties of a school system. Such projects include the acquisition of land, construction of new buildings, and extensive additions to, or renovations of, existing facilities. Capital projects commonly involve substantial expenditures requiring the issuance of bonds or notes.

Capital Outlays: Expenditures that result in the acquisition of, or addition to, major fixed assets such as land and buildings. Outlays include repayment of debt incurred for such fixed assets.

Debt Service: Expenses for principal, interest, and other costs related to the repayment of bonds and notes.

EIA: Education Improvement Act. A statute enacted by the Tennessee General Assembly in 1992 that, among other provisions, required smaller class sizes in public schools by 2001.

Facility Rating Scale: A scale used by local school officials to assess the condition of their buildings and facilities for the state's Public Infrastructure Needs Inventory.

- Excellent: can be maintained in a "like new" condition and continually meet all building code and functional requirements with only minimal routine maintenance.
- Good: does not meet the definition of "Excellent," but the structural integrity is sound and the facility can meet building code and functional requirements with only routine or preventive maintenance or minor repairs that do not hinder the facility's use.
- Fair: structural integrity is sound, but the maintenance or repairs required to ensure that it meets building code or functional requirements hinder—but do not disrupt—the facility's use.
- Poor: repairs required to keep the structural integrity sound or to ensure that it meets building code or functional requirements are costly and disrupt—or in the case of an individual component may prevent—the facility's use.

Fiscal Year: An official 12-month accounting period. In Tennessee, the fiscal year for state and local governments is July 1 through June 30.

General Fund: The fund maintained by county and municipal governments into which revenues other than those earmarked by law for special purposes are deposited. General revenues are appropriated for public purposes by the local governing body.

Infrastructure; Public Infrastructure: Capital facilities and land assets under public ownership, or operated or maintained for public benefit, including transportation, water and wastewater, industrial sites, municipal solid waste, recreation, low and moderate income housing, telecommunications, and other facilities or capital assets such as public buildings (e.g., courthouses, education facilities). Other examples include the basic network of public utilities and access facilities that support and promote

land development; storm drainage systems; roads, streets and highways; railroads; gas and electric transmission lines; solid waste disposal sites and similar public facilities.

Infrastructure Need: An infrastructure project with a minimum capital cost of $50,000 deemed necessary to enhance and encourage economic development, improve the quality of life of the citizens, and support livable communities. Infrastructure projects included in the inventory, including each component project in the survey of existing schools, must involve a capital cost of not less than fifty thousand dollars ($50,000), with the exception of technology infrastructure projects in the survey of existing schools, which may be included regardless of cost. Projects considered normal or routine maintenance shall not be included in the inventory.

Interest: A charge for a financial loan—usually a percentage of the amount loaned. The purchaser of a government bond is lending money to the issuer in return for interest payments on the outstanding principal.

Principal: The par or face value of a bond or note. Principal is that portion of debt service devoted to the repayment of the amount borrowed. It does not include interest on the amount borrowed.

Revenue: Governmental income from taxes, user fees, fines, and other sources that is used for public purposes.

School Year: The official 12-month reporting period used for the collection and publication of vital statistics pertaining to public education. The 2000-01 school year began with the start of school activities in the fall of 2000 and ended with the cessation of annual school activities in the spring of 2001.

Tax-Exempt Bonds: Bonds issued by governmental entities for public purposes. The interest on such bonds is exempt from federal, state, and local taxation.

Appendix A. Tennessee Public School Systems as of July 2004

Alphabetical by County

County	School System	School Count	Student Count
Anderson	Anderson County	17	6,805
Anderson	Clinton	3	901
Anderson	Oak Ridge	8	4,286
Bedford	Bedford County	12	7,042
Benton	Benton County	8	2,460
Bledsoe	Bledsoe County	6	1,867
Blount	Blount County	19	11,143
Blount	Alcoa	3	1,374
Blount	Maryville	7	4,595
Bradley	Bradley County	17	9,320
Bradley	Cleveland	8	4,546
Campbell	Campbell County	16	6,067
Cannon	Cannon County	7	2,127
Carroll	Carroll County	2	6
Carroll	Hollow Rock-Bruceton SSD	2	759
Carroll	Huntingdon SSD	3	1,277
Carroll	McKenzie SSD	3	1,325
Carroll	South Carroll SSD	1	410
Carroll	West Carroll SSD	3	1,065
Carter	Carter County	17	5,980
Carter	Elizabethton	6	2,040
Cheatham	Cheatham County	13	6,945
Chester	Chester County	6	2,509
Claiborne	Claiborne County	14	4,729
Clay	Clay County	5	1,159
Cocke	Cocke County	12	4,727
Cocke	Newport	1	700
Coffee	Coffee County	9	4,264
Coffee	Manchester	4	1,269
Coffee	Tullahoma	7	3,642
Crockett	Crockett County	5	1,737
Crockett	Alamo	1	492
Crockett	Bells	1	404
Cumberland	Cumberland County	10	7,024
Davidson	Davidson County	130	70,089
Decatur	Decatur County	4	1,534
DeKalb	DeKalb County	5	2,658
Dickson	Dickson County	14	8,039
Dyer	Dyer County	8	3,283
Dyer	Dyersburg	5	3,548
Fayette	Fayette County	10	3,443
Fentress	Fentress County	6	2,299
Franklin	Franklin County	12	5,871
Gibson	Humboldt	4	1,488
Gibson	Milan SSD	3	2,060
Gibson	Trenton SSD	5	1,422
Gibson	Bradford SSD	2	617
Gibson	Gibson County SSD	7	2,668
Giles	Giles County	9	4,501
Grainger	Grainger County	8	3,330
Greene	Greene County	16	7,071
Greene	Greeneville	7	2,701
Grundy	Grundy County	7	2,285
Hamblen	Hamblen County	21	9,382
Hamilton	Hamilton County	80	39,929
Hancock	Hancock County	2	1,014
Hardeman	Hardeman County	9	4,373
Hardin	Hardin County	10	3,758
Hawkins	Hawkins County	17	7,364
Hawkins	Rogersville	1	628
Haywood	Haywood County	7	3,494
Henderson	Henderson County	10	3,501
Henderson	Lexington	2	1,004
Henry	Henry County	8	3,176
Henry	Paris SSD	3	1,523
Hickman	Hickman County	7	3,837
Houston	Houston County	5	1,418
Humphreys	Humphreys County	7	3,015
Jackson	Jackson County	5	1,649
Jefferson	Jefferson County	11	7,156
Johnson	Johnson County	9	2,295
Knox	Knox County	88	53,130

Appendix A. Tennessee Public School Systems as of July 2004 (continued)

Alphabetical by County

County	School System	School Count	Student Count
Lake	Lake County	3	866
Lauderdale	Lauderdale County	7	4,484
Lawrence	Lawrence County	13	6,690
Lewis	Lewis County	4	1,896
Lincoln	Lincoln County	9	4,018
Lincoln	Fayetteville	3	977
Loudon	Loudon County	9	4,925
Loudon	Lenoir City	3	2,159
McMinn	McMinn County	9	5,787
McMinn	Athens	7	1,696
McMinn	Etowah	1	394
McNairy	McNairy County	8	4,192
Macon	Macon County	8	3,651
Madison	Madison County	29	13,654
Marion	Marion County	9	4,046
Marion	Richard City SSD	1	332
Marshall	Marshall County	9	4,856
Maury	Maury County	19	11,285
Meigs	Meigs County	5	1,832
Monroe	Monroe County	11	5,291
Monroe	Sweetwater	4	1,409
Montgomery	Montgomery County	30	25,767
Moore	Moore County	2	977
Morgan	Morgan County	8	3,246
Obion	Obion County	8	4,057
Obion	Union City	3	1,366
Overton	Overton County	9	3,298
Perry	Perry County	4	1,109
Pickett	Pickett County	2	692
Polk	Polk County	7	2,533
Putnam	Putnam County	18	9,918
Rhea	Rhea County	6	3,940
Rhea	Dayton	1	693
Roane	Roane County	18	7,351
Robertson	Robertson County	16	9,974
Rutherford	Rutherford County	41	31,002
Rutherford	Murfreesboro	10	6,029
Scott	Scott County	7	2,641
Scott	Oneida SSD	3	1,302
Sequatchie	Sequatchie County	5	2,012
Sevier	Sevier County	24	13,505
Shelby	Shelby County	49	44,868
Shelby	Memphis	186	117,740
Smith	Smith County	12	3,157
Stewart	Stewart County	4	2,142
Sullivan	Sullivan County	29	12,396
Sullivan	Bristol	8	3,722
Sullivan	Kingsport	11	6,377
Sumner	Sumner County	42	24,437
Tipton	Tipton County	13	11,235
Trousdale	Hartsville-Trousdale	3	1,272
Unicoi	Unicoi County	6	2,533
Union	Union County	7	3,128
Van Buren	Van Buren County	2	764
Warren	Warren County	11	6,131
Washington	Washington County	14	8,916
Washington	Johnson City	10	6,803
Wayne	Wayne County	8	2,495
Weakley	Weakley County	11	4,790
White	White County	9	3,851
Williamson	Williamson County	34	23,616
Williamson	Franklin SSD	8	3,783
Wilson	Wilson County	19	12,932
Wilson	Lebanon SSD	5	3,034
	Statewide Counts	1,714	921,523

Note: SSD is the abbreviation for Special School District. Special School Districts do not necessarily coincide with city or county boundaries and have separate property tax rates set by the Tennessee General Assembly. They do not have sales taxing authority.

APPENDIX B

Appendix B. Capital Projects

LEA	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	Total Capital Projects
Anderson County	$ 4,026,383	$ 698,132	$ 245,366	$ 339,909	$ 613,728	$ 5,923,518
Clinton	0	0	0	0	0	0
Oak Ridge	0	0	0	0	0	0
Bedford County	1,203,426	634,122	102,601	196,926	1,554,918	3,691,993
Benton County	465,359	96,311	0	0	0	561,670
Bledsoe County	1,610,055	0	1,376,434	5,747,423	1,062,026	9,795,938
Blount County	1,118,727	54,403	0	0	0	1,173,130
Alcoa	0	0	0	0	0	0
Maryville	0	0	0	0	0	0
Bradley County	11,131,813	15,515,928	6,544,536	380,630	3,123,615	36,696,522
Cleveland	0	0	0	332,850	0	332,850
Campbell County	0	0	0	0	0	0
Cannon County	0	0	0	0	0	0
Carroll County			0	0	0	0
HR-Bruceton	105,766	0	0	0	0	105,766
Huntington	0	0	0	0	0	0
McKenzie	103,347	0	0	0	0	103,347
So. Carroll	0	0	1,100,000	0	0	1,100,000
W. Carroll	5,499,019	1,548,169	216,659	0	0	7,263,847
Carter County	3,383,906	3,856,581	1,531,817	0	0	8,772,304
Elizabethton	0	0	0	0	0	0
Cheatham County	4,739,918	2,213,963	186,756	245,551	4,875,242	12,261,430
Chester County	6,104	0	0	0	0	6,104
Claiborne County	0	11,706	14,509,221	16,778,881	2,635,862	33,935,670
Clay County	0	0	163,000	6,122,927	2,064,228	8,350,155
Cocke County	4,020,634	4,619,286	4,972,307	6,555,407	526,198	20,693,832
Newport	234,615	3,236,717	0	27,371	0	3,498,703
Coffee County	270,321	0	0	0	900,000	1,170,321
Manchester	0	0	0	0	0	0
Tullahoma	53,682	1,000	426,935	1,614,641	5,445,454	7,541,712
Crockett County	0	0	1,240,818	7,261,535	1,055,212	9,557,565
Alamo	0	0	0	0	0	0
Bells	0	0	0	0	506,599	506,599
Cumberland County	0	1,529,857	0	0	0	1,529,857
Davidson County	62,027,858	62,235,468	64,775,457	84,910,102	132,239,168	406,188,053
Decatur County	8,040,084	504,971	575,312	102,635	53,773	9,276,775
DeKalb County	5,277,239	463,519	5,164	20,894	0	5,766,816
Dickson County	0	0	0	0	0	0
Dyer County	1,225,349	8,501,167	11,366,791	931,690	0	22,024,997
Dyersburg	0	0	0	0	0	0
Fayette County	0	12,330,842	1,635,467	744,513	26,618	14,737,440
Fentress County	166,012	18,952	500,000	257,654	1,106,130	2,048,748
Franklin County	225,074	0	5,272,907	27,474,406	2,996,050	35,968,437

Appendix B. Capital Projects (continued)

LEA	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	Total Capital Projects
Gibson County*						
Humboldt	0	0	0	0	0	0
Milan	0	0	394,746	5,217,538	3,345,598	8,957,882
Trenton	0	0	0	0	0	0
Bradford	0	0	0	0	0	0
Gibson SSD	0	0	317,519	40,306	0	357,825
Giles County	488,580	3,779,630	9,794,784	1,913,121	327,938	16,304,053
Grainger County	325,000	0	0	0	2,180,030	2,505,030
Greene County	371,595	119,589	4,412,845	13,783,841	5,368,781	24,056,651
Greeneville	11,941,916	11,789,295	19,201,247	7,023,479	4,792,383	54,748,320
Grundy County	0	0	0	0	0	0
Hamblen County	11,251,467	10,882,959	7,289,190	3,521,264	817,779	33,762,659
Hamilton County	177,576	29,145	0	0	0	206,721
Hancock County	1,610,401	9,183,956	5,730,798	17,172	0	16,542,327
Hardeman County	0	0	0	0	0	0
Hardin County	4,088,946	0	0	0	113,667	4,202,613
Hawkins County	2,172,036	8,321,759	1,026,932	354,733	4,409,899	16,285,359
Rogersville	0	0	0	0	0	0
Haywood County	0	0	0	0	0	0
Henderson County	3,936,723	5,042,257	4,904,321	873,582	78,179	14,835,062
Lexington	0	0	0	0	0	0
Henry County	0	130,261	8,998,909	1,440,384	5,452,448	16,022,002
Paris	1,409,316	274,321	108,525	112,020	136,535	2,040,717
Hickman County	0	0	0	0	0	0
Houston County	1,068,198	7,365,041	1,515,463	0	0	9,948,702
Humphreys County	608,774	5,318,989	824,518	59,207	3,894	6,815,382
Jackson County	1,393,783	997,272	4,584,686	558,265	575,137	8,109,143
Jefferson County	18,487,219	4,325,361	187,614	58,191	0	23,058,385
Johnson County	11,642,439	1,676,567	497,903	49,662	117,207	13,983,778
Knox County	35,447,626	17,833,783	24,175,230	24,080,227	23,228,872	124,765,738
Lake County	0	0	0	0	0	0
Lauderdale County	0	0	0	0	1,533,644	1,533,644
Lawrence County	0	0	0	0	0	0
Lewis County	353,801	26,445	0	0	0	380,246
Lincoln County	260,210	5,787,717	12,274,954	366,475	0	18,689,356
Fayetteville	183,137	2,741,007	1,061,015	257,891	399,404	4,642,454
Loudon County	0	0	0	0	0	0
Lenoir City	878,200	0	0	0	0	878,200
McMinn County	3,201,545	1,093,061	2,291,166	211,521	3,021,586	9,818,879
Athens	18,910	18,910	18,911	18,910	1,055,105	1,130,746
Etowah	0	0	0	0	0	0
McNairy County	0	0	0	0	0	0
Macon County	0	53,873	1,434,870	111,258	0	1,600,001
Madison County	491,807	19,301,389	13,625,715	18,720,741	14,952,229	67,091,881
Marion County	3,697,858	14,702,242	5,467,987	248,113	1,890,200	26,006,400
Richard City	0	0	0	0	0	0
Marshall County	0	0	0	0	0	0
Maury County	1,488,753	7,468,749	2,805,456	2,188,361	508,958	14,460,277

*Gibson County does not have a county school system.

Appendix B. Capital Projects (continued)

LEA	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	Total Capital Projects
Meigs County	0	0	0	0	0	0
Monroe County	0	854,882	5,220,470	1,259,858	9,209,255	16,544,465
Sweetwater	0	340,190	2,799,339	5,713,247	170,738	9,023,514
Montgomery County	14,204,376	15,588,416	18,510,082	11,442,927	13,431,909	73,177,710
Moore County	154,547	0	0	0	0	154,547
Morgan County	0	0	5,242,374	6,903,117	324,717	12,470,208
Obion County	18,570	0	0	0	1,367,261	1,385,831
Union City	118,373	2,651,983	4,313,214	940,326	246,874	8,270,770
Overton County	859,227	7,546,686	6,858,743	324,013	1,654,738	17,243,407
Perry County	5,097,614	2,045,532	0	0	0	7,143,146
Pickett County	5,278,124	1,431,450	254,632	60,883	204,983	7,230,072
Polk County	0	298,405	6,594,265	1,602,251	362,838	8,857,759
Putnam County	3,041,123	14,409,137	14,871,547	14,783,304	1,077,226	48,182,337
Rhea County	0	0	0	5,544,327	100,965	5,645,292
Dayton	0	0	0	0	0	0
Roane County	3,367,565	7,784,548	3,025,684	4,332,462	1,675,379	20,185,638
Harriman	0	0	0	0	0	0
Robertson County	0	0	0	0	0	0
Rutherford County	64,779,500	34,951,785	45,810,272	28,645,240	11,240,142	185,426,939
Murfreesboro	0	0	0	0	0	0
Scott County	0	0	0	0	0	0
Oneida	520,886	255,315	288,794	186,041	251,326	1,502,362
Sequatchie County	2,663,439	43,601	84,596	137,519	1,509,192	4,438,347
Sevier County	3,737,698	2,206,759	1,512,043	5,278,807	7,846,886	20,582,193
Shelby County	32,812,830	40,301,103	41,633,531	11,190,476	42,303,424	168,241,364
Memphis	0	0	0	0	0	0
Smith County	0	1,241,077	32,261,799	11,244,988	4,610,116	49,357,980
Stewart County	5,847,283	6,734,692	1,489,319	17,917	485,224	14,574,435
Sullivan County	3,123,694	3,325,294	18,004,517	5,371,184	400,000	30,224,689
Bristol	0	0	0	0	0	0
Kingsport	0	0	0	0	0	0
Sumner County	0	0	0	0	0	0
Tipton County	3,502,562	174,959	0	597,685	7,635,261	11,910,467
Covington	0	0	0	0	0	0
Trousdale County	0	0	0	0	0	0
Unicoi County	1,004,682	1,469,951	473,550	0	0	2,948,183
Union County	0	0	0	0	0	0
Van Buren County	0	0	0	0	0	0
Warren County	0	0	0	0	0	0
Washington County	1,104,115	0	0	0	0	1,104,115
Johnson City	2,506,998	7,716,354	0	0	0	10,223,352
Wayne County	12,657,140	2,496,400	1,367,335	2,302,986	13,212	18,837,073
Weakley County	0	0	0	0	0	0
White County	0	0	0	0	0	0
Williamson County	24,777,599	22,238,780	35,661,957	24,245,915	29,863,759	136,788,010
Franklin	21,774,072	11,018,361	1,048,432	594,699	661,906	35,097,470
Wilson County	0	0	0	0	0	0
Lebanon	2,527,111	4,392,265	661,154	375,223	51,877	8,007,630
Totals	**$ 447,409,635**	**$ 447,852,597**	**$ 497,680,501**	**$ 384,367,602**	**$ 371,793,502**	**$ 2,149,103,837**

APPENDIX C

Appendix C. Debt Service

LEA	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	Total Debt Service
Anderson County	$ 2,479,268	$ 2,837,887	$ 364,917	$ 404,470	$ 3,193,803	$ 9,280,345
Clinton	0	0	379,329	210,190	360,012	949,531
Oak Ridge	2,171,974	16,012	1,576,849	1,377,857	5,581	5,148,273
Bedford County	3,104,898	2,449,577	1,421,503	2,188,001	2,622,682	11,786,661
Benton County	827,096	824,551	841,447	827,671	872,239	4,193,004
Bledsoe County	606,114	601,944	9,000	9,000	359,000	1,585,058
Blount County	900,262	902,335	166,417	570,028	557,317	3,096,359
Alcoa	0	0	0	374,661	469,082	843,743
Maryville	150,000	265,000	150,000	1,555,851	1,519,123	3,639,974
Bradley County	1,179,000	2,460,064	2,760,573	2,799,482	0	9,199,119
Cleveland	468,996	501,644	737,649	332,857	400,063	2,441,209
Campbell County	0	0	0	0	1,000,000	1,000,000
Cannon County	0	1,657,091	84,772	516,994	514,890	2,773,747
Carroll County	0	0	6,343	6,343	6,343	19,029
HR-Bruceton	413,437	412,291	410,932	409,369	402,556	2,048,585
Huntington	528,133	537,328	572,519	580,424	571,389	2,789,793
McKenzie	716,948	721,441	665,291	731,539	747,331	3,582,550
So. Carroll	45,203	48,877	58,411	80,903	75,578	308,972
W. Carroll	512,232	512,132	501,335	506,201	573,062	2,604,962
Carter County	11,065	11,065	11,065	88,064	331,200	452,459
Elizabethton	4,000	4,000	4,000	4,000	4,000	20,000
Cheatham County	284,645	4,193,000	4,529,522	4,036,087	3,640,084	16,683,338
Chester County	270,000	270,000	270,000	270,000	200,000	1,280,000
Claiborne County	1,136,617	881,145	1,173,105	1,418,941	1,257,391	5,867,199
Clay County	79,200	81,920	0	185,144	764,694	1,110,958
Cocke County	148,058	148,058	148,058	463,386	230,249	1,137,809
Newport	54,162	0	0	506,798	506,798	1,067,758
Coffee County	49,357	49,357	49,357	49,357	49,357	246,785
Manchester	21,870	20,338	12,815	12,815	12,755	80,593
Tullahoma	990,233	1,324,241	1,471,459	1,799,658	1,810,458	7,396,049
Crockett County	199,152	196,768	1,940,879	1,357,028	150,000	3,843,827
Alamo	105,690	103,753	114,383	105,498	114,353	543,677
Bells	0	20,615	912,478	0	0	933,093
Cumberland County	1,112,085	1,047,711	928,688	1,312,328	1,161,586	5,562,398
Davidson County	23,861,043	25,947,874	44,742,269	81,725,922	44,225,184	220,502,292
Decatur County	60,363	116,579	1,044,181	1,043,326	1,035,005	3,299,454
DeKalb County	60,000	110,000	221,766	6,483,980	305,000	7,180,746
Dickson County	2,905,497	1,161,169	1,136,720	1,066,667	1,066,667	7,336,720
Dyer County	91,202	235,124	787,202	992,109	5,000	2,110,637
Dyersburg	622,005	0	0	0	0	622,005
Fayette County	818,159	595,378	1,307,385	80,253	80,253	2,881,428
Fentress County	680,206	681,498	378,630	368,928	368,502	2,477,764
Franklin County	1,008,300	1,035,714	10,133,965	1,865,224	2,435,716	16,478,919

Appendix C. Debt Service (continued)

LEA	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	Total Debt Service
Gibson County*						
Humboldt	50,622	98,999	81,633	218,668	210,421	660,343
Milan	483,763	481,674	770,427	1,002,188	1,022,224	3,760,276
Trenton	637,955	644,360	654,855	664,341	676,013	3,277,524
Bradford	108,717	106,256	108,671	128,352	132,851	584,847
Gibson SSD	3,788,691	1,033,413	928,390	943,918	965,719	7,660,131
Giles County	1,410,486	2,213,591	2,206,603	2,351,244	2,180,377	10,362,301
Grainger County	12,943	12,943	412,943	312,943	312,943	1,064,715
Greene County	283,085	348,085	1,019,459	1,447,335	1,851,296	4,949,260
Greeneville	0	187,390	291,610	332,672	331,037	1,142,709
Grundy County	77,640	82,541	46,163	81,463	530,109	817,916
Hamblen County	756,800	793,986	794,318	794,242	987,596	4,126,942
Hamilton County	15,332,188	15,100,066	18,764,575	37,756,570	16,468,896	103,422,295
Hancock County	60,000	292,049	376,740	330,204	321,841	1,380,834
Hardeman County	554,541	564,101	568,201	719,049	793,775	3,199,667
Hardin County	21,015	149,693	303,447	50,051	50,052	574,258
Hawkins County	161,476	353,569	387,040	481,972	458,364	1,842,421
Rogersville	135,639	271,278	100,000	3,710	110,824	621,451
Haywood County	253,611	306,855	203,032	302,206	238,009	1,303,713
Henderson County	204,565	268,442	276,000	0	298,965	1,047,972
Lexington	94,133	92,000	91,334	94,790	109,221	481,478
Henry County	906,284	910,748	1,218,670	1,488,617	1,518,438	6,042,757
Paris	982,437	1,085,145	1,086,031	1,089,115	1,641,445	5,884,173
Hickman County	4,072,171	1,198,612	1,079,616	1,271,038	770,000	8,391,437
Houston County	265,141	252,711	0	0	418,243	936,095
Humphreys County	506,354	688,354	4,500	4,500	108,500	1,312,208
Jackson County	416,758	432,993	315,799	403,914	609,084	2,178,548
Jefferson County	0	2,590,800	1,748,827	1,387,162	1,334,128	7,060,917
Johnson County	368,575	69,041	65,628	34,587	28,493	566,324
Knox County	17,838,589	22,194,201	3,368,713	1,038,741	27,473,875	71,914,119
Lake County	291,483	285,730	279,441	199,338	0	1,055,992
Lauderdale County	135,461	9,556	135,463	135,463	1,314,478	1,730,421
Lawrence County	2,000	2,000	2,000	2,000	2,000	10,000
Lewis County	70,627	386,630	380,327	381,595	391,434	1,610,613
Lincoln County	1,166,471	1,441,826	2,564,701	2,974,420	2,954,497	11,101,915
Fayetteville	92,571	95,588	78,259	77,203	77,188	420,809
Loudon County	461,000	4,461,000	1,276,000	461,000	461,000	7,120,000
Lenoir City	778,544	781,350	613,262	569,108	546,907	3,289,171
McMinn County	534,435	0	0	0	0	534,435
Athens	0	0	0	0	6,609	6,609
Etowah	82,791	132,980	60,671	59,011	59,398	394,851
McNairy County	75,839	75,840	75,839	159,194	882,215	1,268,927
Macon County	695,511	799,624	752,579	752,206	748,699	3,748,619
Madison County	3,027,870	3,061,530	3,439,723	4,342,682	4,821,780	18,693,585
Marion County	244,264	236,110	948,097	62,547	915,920	2,406,938
Richard City	0	160,948	154,482	152,447	155,666	623,543

*Gibson County does not have a county school system.

Appendix C. Debt Service (continued)

LEA	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	Total Debt Service
Marshall County	1,706,437	2,056,840	2,675,696	3,131,819	2,582,738	12,153,530
Maury County	5,736,375	5,492,055	16,500	5,377,732	2,096,374	18,719,036
Meigs County	225,000	225,000	225,000	225,000	225,000	1,125,000
Monroe County	532,207	530,680	524,584	576,062	574,040	2,737,573
Sweetwater	294,470	282,867	296,361	324,273	249,582	1,447,553
Montgomery County	946,495	927,369	631,770	659,369	480,468	3,645,471
Moore County	5,000	5,000	5,000	5,000	3,689	23,689
Morgan County	858,928	846,162	200,000	200,000	200,000	2,305,090
Obion County	1,245,550	1,245,590	1,248,394	1,571,159	6,114,561	11,425,254
Union City	0	0	0	0	0	0
Overton County	369,873	487,713	823,252	887,287	700,012	3,268,137
Perry County	1,000	1,000	175,756	1,000	1,000	179,756
Pickett County	372,978	373,687	374,098	374,197	373,998	1,868,958
Polk County	74,717	236,502	2,411	2,000	400,000	715,630
Putnam County	1,800,000	300,000	7,396,171	7,740,763	7,396,741	24,633,675
Rhea County	985,721	1,106,753	2,199,382	1,326,854	3,434,085	9,052,795
Dayton	0	0	0	0	0	0
Roane County	100,000	0	0	0	0	100,000
Harriman	263,924	264,002	262,990	260,390	0	1,051,306
Robertson County	5,306,196	5,585,662	5,648,913	9,996,595	19,830,050	46,367,416
Rutherford County	7,331,730	49,503,486	14,452,270	18,472,175	21,164,871	110,924,532
Murfreesboro	2,040,598	1,974,493	3,342,073	1,834,624	1,647,652	10,839,440
Scott County	192,246	185,773	185,773	185,773	185,773	935,338
Oneida	204,230	246,483	250,329	255,354	299,552	1,255,948
Sequatchie County	1,131,726	1,079,235	1,079,440	1,092,235	1,163,779	5,546,415
Sevier County	4,209,010	4,189,145	4,423,580	4,231,282	4,666,027	21,719,044
Shelby County	13,247,352	65,663,963	33,407,868	48,646,412	64,832,191	225,797,786
Memphis	7,897,946	8,208,916	8,106,588	8,587,516	8,692,972	41,493,938
Smith County	0	0	1,862,435	1,823,429	1,826,124	5,511,988
Stewart County	60,000	60,000	1,581,760	1,583,905	1,600,105	4,885,770
Sullivan County	37,814	37,814	37,814	37,814	37,814	189,070
Bristol	1,698,089	782,966	477,394	0	0	2,958,449
Kingsport	4,623,089	5,086,254	5,462,451	5,597,767	6,110,798	26,880,359
Sumner County	266,640	766,640	500,000	822,854	0	2,356,134
Tipton County	175,000	175,000	175,000	175,000	175,000	875,000
Covington	200,000	165,000	85,000	135,000		585,000
Trousdale County	196,435	302,775	348,287	370,774	807,989	2,026,260
Unicoi County	190,123	183,950	187,654	187,036	37,036	785,799
Union County	500,000	500,000	500,000	500,000	500,000	2,500,000
Van Buren County	245,818	247,989	214,221	210,521	206,609	1,125,158
Warren County	2,157,448	2,168,557	2,094,628	2,105,918	2,117,652	10,644,203
Washington County	241,632	669,731	2,061,175	1,524,787	450,000	4,947,325
Johnson City	6,692,887	3,378,470	3,458,119	3,270,578	3,472,726	20,272,780
Wayne County	181,277	182,738	182,826	178,345	103,470	828,656
Weakley County	1,501,610	0	2,183,472	2,201,188	3,013,959	8,900,229
White County	959,079	1,084,625	460,559	495,825	744,427	3,744,515
Williamson County	12,719,077	760,385	753,554	720,808	34,762,800	49,716,624
Franklin	3,717,919	3,686,699	3,937,020	3,521,727	6,410,640	21,274,005
Wilson County	153,500	158,345	5,757,111	5,790,872	6,227,514	18,087,342
Lebanon	1,250,551	1,311,544	1,311,382	1,388,231	1,382,164	6,643,872
Totals	**$ 200,967,213**	**$ 290,465,947**	**$ 251,645,344**	**$ 332,386,410**	**$ 366,596,815**	**$ 1,442,061,729**

Tennessee Advisory Commission on Intergovernmental Relations (TACIR)

The Commission was established by the General Assembly in 1978 to

- 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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