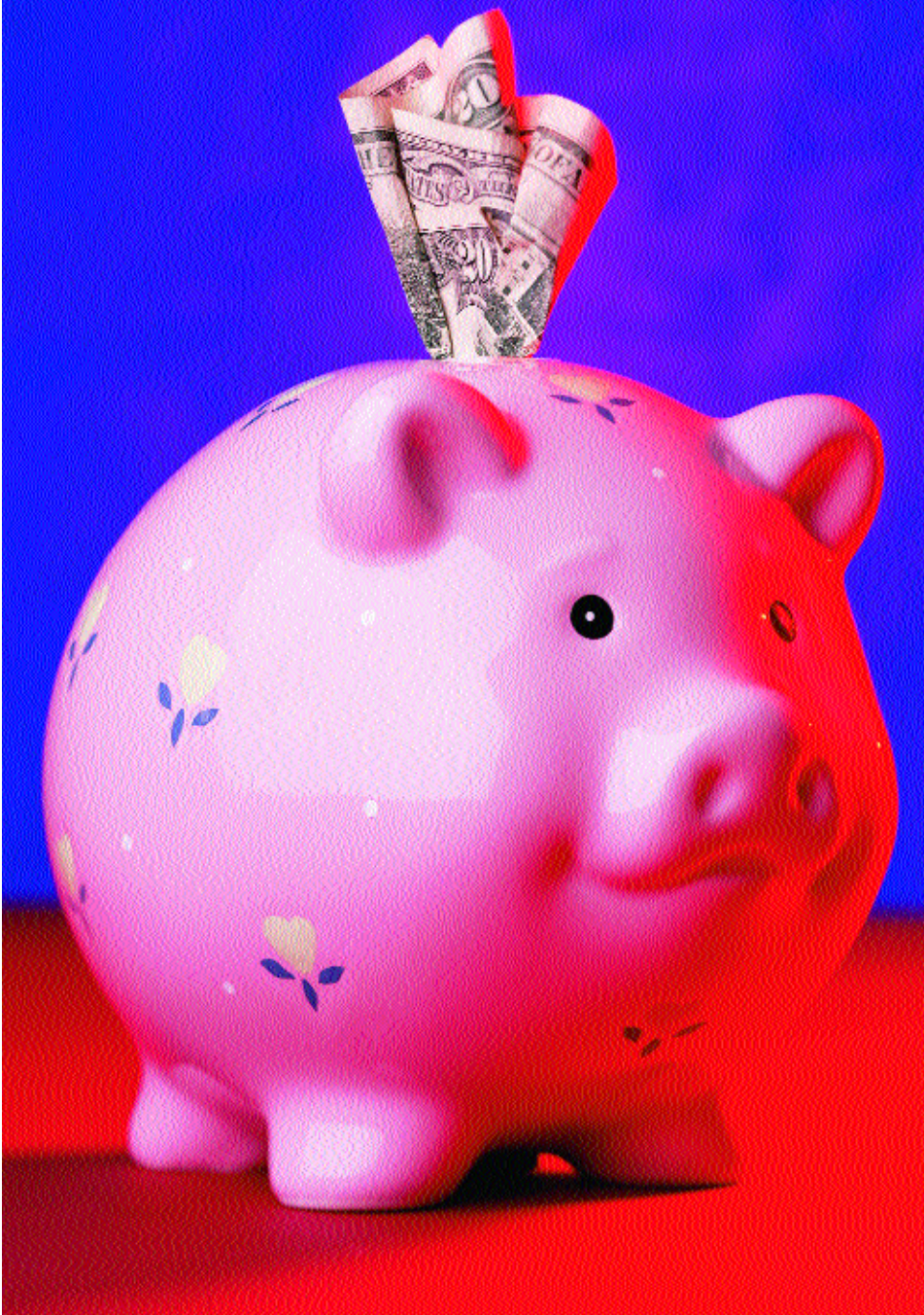


Education

Investing in Our Children

by J. V. Sailors



The education of our youth will determine whether we improve our per capita income, enlarge our industrial base, decrease public welfare rolls and prison populations, and improve our quality of life.

Any discussion of funding K-12 education in our state must surely begin with the recognition and appreciation of what has resulted from the passage of the Education Improvement Act (EIA) in March 1992 and the approval of the Basic Education Program (BEP) funding formula as the only method for distributing state funds to local school systems.

See table at right for the state share of BEP funds allocated to local school districts.

These new dollars allocated to K-12 education over an eight-year period total \$1,007,309,942 and were generated by the General Assembly's action to increase the state sales tax by a half-cent and dedicate the new revenue to education. All of the revenue generated from the half-cent sales tax in 1992 was earmarked for education funding. Since then, additional state revenue has been added to the half-cent sales tax collections to fully fund the BEP. For example, in 1996 the half-cent sales tax generated \$302 million, whereas the total state allocation to fund the BEP amounted to \$1.94 billion.

An important provision in the EIA required the State Board of Education to establish a BEP Review Committee to study the funding formula and make recommendations to the State Board for modifications and adjustments in the formula's components. These recommendations are forwarded to the governor and General Assembly for requested action.

The BEP funding formula is based on forty-two components identified as necessary to provide a basic education program and the funding needed for each component. The number of students enrolled in the local schools determines the local school system allocation. Student enrollment ranges from a high in Memphis of 110,537 students to a low in Richard City of 289 students.

The Problem is Real

Education doesn't matter just a little. It matters most of all. There is overwhelming evidence of the strong relationship between education, income, and the economy. The new jobs in Tennessee will require more education. The high school diploma is only a ticket to achieve that end. In our new economy, those individuals who stop with a high school diploma will face worse prospects than a high school dropout a generation ago did. Everyone needs some education beyond high school. The appropriate question to ask our middle and high school students today should be which university, college, or technical institute they will attend. The connection between personal income and education is absolute and grows stronger each year.

The Needs are Great

Children come to school from widely varying backgrounds that affect their readiness to learn. Over one third are born into single-parent homes, and 45 percent of children under five live in poverty. More than half of young children spend their days in child-care programs. There are not sufficient comprehensive service programs to serve all at-risk children who need them. The state provides early childhood education funding to 22 pilot programs serving 600 children and provides funds for 104 family resource centers.

Federally funded Head Start agencies serve about 30 percent of eligible children. Some local school systems and community agencies provide federally subsidized programs with a partial array of services. Children with disabilities receive services, and parents of children in the Families First welfare program receive childcare subsidies. Approximately 12,000 of the 45,000 at-risk three- and four-year-olds do not have the opportunity to participate in any early childhood education program. The funds needed to provide an early education program to serve these children are estimated at \$60 million.

The estimated cost to maintain full funding of the BEP is \$55-60 million. This will be needed each year just to keep up with the cost-of-living increases. Any adjustments to the component costs in the funding formula will require additional dollars. The same is true with the imple-

mentation of new programs. The BEP Review Committee has established a priority list that will require funding above the \$55-60 million amount.

The top priority on that list is to fund all student growth. The current formula funds student growth above 2 percent. The estimated amount needed based on current-year student growth will require an additional \$9 million each year.

Other identified needs include updating the teacher salary component, funding teaching positions at the school rather than system level, funding for staff development, and adding days to the school calendar.

Since increases in teacher salaries are funded outside the BEP formula, no estimate of the amount needed is included in this article, nor is the issue of teacher salary equity addressed.

STATE SHARE OF BEP ALLOCATED TO LOCAL SCHOOL DISTRICTS

Year	State Share (\$)	Annual Increase (\$)	Cumulative Increase (\$)
1992-93	1,392,539,200	145,291,800	
1993-94	1,507,627,400	115,088,200	260,380,000
1994-95	1,680,684,700	173,057,300	433,437,300
1995-96	1,798,416,200	117,731,500	551,168,800
1996-97	1,939,336,400	140,920,200	692,089,000
1997-98*	2,107,721,958	168,385,558	860,474,558
1998-99	2,199,631,603	91,909,645	952,384,202
1999-00	2,253,254,256	54,925,739	1,007,309,942

* Full funding of the BEP achieved

The Choices are Few

The major source of state funding for K-12 education in Tennessee is the sales tax. The Department of Revenue reported that for fiscal year 1996 the sales tax generated \$2,456,995,449 of the total amount of \$2,553,477,208 available for K-12 and higher education. A half-cent was added to make the total state sales tax 6 percent. Most counties and municipalities have added the maximum of 2.75 percent to the 6 percent state rate. No tax study has recommended an increase in the sales tax. In fact, a decrease in the state sales tax or an exemption of food and grocery items is a major component of various proposals.

If K-12 education were the only state responsibility, and the total revenue generated from the 6 percent state sales tax were dedicated to K-12, perhaps the annual growth in the sales tax would be sufficient to meet the needs of our schools. Such is not the case, however. The needs of higher education must be addressed, TennCare requires additional funding, the Depart-

ment of Corrections has unmet needs, state parks must be maintained, and roads and bridges need repair, just to mention a few state agencies that also depend on sales tax revenue for a portion of their funding. Where, then, does the additional revenue needed to adequately fund K-12 education come from? The answer lies in reforming the current tax structure.

The Education Improvement Act of 1992 reformed K-12 education. It is time for a tax reform act of 1999 to adequately fund the provisions of the Education Reform Act.

The Rewards are Many

Attainment of an education is increasingly a top priority for Tennesseans. It is no longer simply a personal goal, valued only by a student and his/her family. It has become, out of necessity, a goal of society as a whole. The young people who pass through our schools today will be our communities' voters and workforce. They represent the future of our state and nation. Their education will determine whether the state improves its per capita income, enlarges its industrial base, decreases public welfare rolls and prison populations, and improves its citizens' quality of life. If they fail—if we fail—the fate of our state

hangs in the balance.

It is appropriate to note the use of the word "basic" as a descriptor in the K-12 funding formula. It is somewhat of a stretch to equate "basic" as defined in 1992 with "adequate" for Y2K and beyond.

Our approach to school finance in the new millennium must be one of providing fiscal adequacy based on resources necessary to enable our students to be successful in achieving the high performance standards we have established as requisites for high school graduation.

The State of Tennessee has climbed to a higher point on the K-12 education-funding mountain, but the mountain has grown. The peaks once considered final destinations are now just milestones on a longer journey. ■

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