12-2004

Equity and Adequacy: A Funding Crisis in the Tennessee Education System.

Scott F. Collins
East Tennessee State University

Equity and Adequacy: A Funding Crisis in the Tennessee Education System

---

A dissertation

presented to

the faculty of the Department of Educational Leadership

and Policy Analysis

East Tennessee State University

In partial fulfillment

of the requirements for the degree

Doctor in Education

---

by

Scott F. Collins

December 2004

Dr. Louise MacKay, Chair

Dr. Cecil Blankenship

Dr. Terry Tollefson

Dr. Russell West

Keywords: General and Efficient, Uniform, Equitable Allocation, Reasonably Equal, Vertical Equity, Equal Opportunity to a Quality Education, Adequate

ABSTRACT

Equity and Adequacy: A Funding Crisis in the Tennessee Education System

by

Scott F. Collins

Tennessee is experiencing a budget crisis related to the dollar amount per-pupil expended on kindergarten- through 12th-grade education when compared to other states. Public schools across America are operating in a time of increased expectations. Recent legislative initiatives at both the state and federal level have created new systems of testing and performance standards that will hold schools and teachers accountable for students' achievement. Given the rapid changes that are being made, many state policymakers have noted the importance of designing better financial schemes for public schools with sufficient resources to meet the demand for better education; however, funding and accountability are difficult when creating an alignment between the two.

Issues surrounding the financing of public education are complicated. Whereas a quality education is universally understood to be an essential component of students' development and social mobility, the specific policies surrounding the allocation of funds to school districts in Tennessee are complex and based on formulas that are often only understood by experts.

The purpose of this qualitative study was to explore the perceptions of various school directors and administrators in both small and large systems across the state as to the best way to fund kindergarten- through 12th-grade education in a more adequate and equitable manner. Data were collected through audio-taped interviews and transcribed for inductive analysis.

The participants' perceptions about their level of satisfaction of the current Basic Education Program's (BEP) funding of kindergarten- through 12th-grade education in Tennessee were very favorable. Fewer than 90% of school district officials agreed that there should be an established set of criteria that define a standard of adequacy. Because some schools need more money than others do, participants said this inability to raise sufficient revenue must be addressed through state legislation. All 20 participants stated that equity and adequacy remained a problem in the BEP and each gave suggestions and identified some areas in which to begin correcting the discrepancies. All 20 participants said that they thought the BEP was a much better funding mechanism, overall, than the old Tennessee Foundation Program (TFP) for both large and small systems.

DEDICATION

This study is dedicated to my family, to my children, Chelcea and Lindsy, and to my parents, Coy and Winnie. Thank you for your support and encouragement, but most of all your love. I realize how blessed I am to have a family who is willing to let me be all I can be. To my children, I pray that you will always set your goals very high and work hard to achieve them. Your daddy will most certainly be your biggest fan and be proud of you always!

ACKNOWLEDGMENTS

What a blessing I have had from so many people who supported me throughout this process. It certainly would not have been possible without the encouragement of my family's love and patience. I thank my children, Chelcea and Lindsy, and my parents, Coy and Winnie Collins, for pushing me to do it. Total commitment and endurance are the keys to getting through such a program. I appreciate all of my friends for believing in me and providing a gentle word of encouragement just when I needed it most.

I must thank my friends in the cohort program for helping me get through some very difficult times and to my friend, Greg, who every Monday night, crossed the mountain and gave me encouragement to continue. I thank you for this!

Finally, I want to thank the dedicated faculty of the Department of Educational Leadership and Policy Analysis at East Tennessee State University. I am grateful to you for providing me with the learning experiences in the program that will be useful throughout the rest of my career. I have the greatest respect for my committee members, Dr. Louise MacKay, Dr. Terry Tollefson, Dr. Cecil Blankenship, and Dr. Russell West. I extend a special thanks to my chairperson and advisor, Dr. Louise MacKay, from whom I have learned so much. I appreciate her suggestions, feedback, and her patience so much. Lastly, I must thank Dr. Ronald Lindahl, who, during the screening process, kept pushing me to be in the program and Dr. Russell Mays, who always gave me encouragement. I cannot express enough gratitude to my friend, Debby Bryan, who typed all my interviews. Had it not being for her expertise and professionalism in helping me with this dissertation, it would have been a nightmare. Again, thanks to all of you for your help!

CONTENTS

Page

ABSTRACT 2

DEDICATION 5

ACKNOWLEDGMENTS 6

Chapter

1. INTRODUCTION 11

Definitions of Terms 13

Statement of the Problem 15

Research Questions 16

Limitations and Delimitations 17

Overview of the Study 17

2. REVIEW OF LITERATURE 19

Introduction 19

Definition of Equity and Adequacy 19

Legislative Responsibilities 21

Cost to Local Governments 22

Formation of Tennessee School Systems for Equity 23

The Extent of Financial Disparity 25

Remedying Fiscal Equity Problems 25

Early Supreme Court Cases 27

Factual Patterns for Litigation 29

Chapter Page

The Legal Basis for School Finance Litigation 30

Property Tax Reform 31

Tax Reform Issues 33

Tennessee's System of Taxation 34

Tax Resistance to Support the Plan 37

Room to Improve 38

Spending and Students' Performance 38

Students' Performance: Raising the Bar 39

An Overview of Kindergarten- Through 12th-Grade Education Finance 41

Money and Public Schools: How Much Does it Cost? 41

Determining Funding Formulas for Public Schools 43

Flat Grant 43

Power Equalization 44

Foundation Plan 44

Full State Funding 45

Summary 46

3. RESEARCH METHODOLOGY 48

Research Design 48

Selection of a Research Paradigm 48

Population and Sample 50

Data Collection 50

Data Analysis 51

4. ANALYSIS OF DATA 53

Levels of Satisfaction With BEP Funding 56

Chapter Page

Distribution of BEP Funds: Adequacy and Equity 72
Perceptions of Success of the BEP 77
Perceptions of the Strengths and Weaknesses of the BEP 83
Effects of the No Child Left Behind Act on the BEP 87
Relationship Between School Funding and Students' Performance 91
Attracting and Retaining Highly-Qualified Teachers 97
Obligation of the State and Local Districts in Funding Education 103
Participants' Overall Assessment of the BEP 108
Suggestions for Improvement of the BEP 111
5. FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS FOR PRACTICE AND FUTURE RESEARCH 114
Findings 115
Levels of Satisfaction With BEP Funding 116
Distribution of Funds: Adequacy and Equity 117
Perceptions of Success of the BEP 118
Perceptions of the Strengths and Weaknesses of the BEP 119
Effects of the *No Child Left Behind Act* on the BEP 119
Relationship Between School Funding and Students' Performance 120
Improving and Retaining Strong Highly-Qualified Teachers 121
Obligation of the State and Local Districts in Funding Education 122
Participants' Overall Assessment of the BEP 123
Suggestions for Improvement of the BEP 123
Conclusions 123
Equity 123
Adequacy 124

Chapter Page

Accountability 124

Recommendations for Practice and Future Research 125

Curriculum 126

Academic Accountability 126

Report Cards on School Districts 126

Accountability in Students' Performance 127

Administrators' and Teachers' Evaluations 127

REFERENCES 129

APPENDICES 133

APPENDIX A: Letter of Request to Director of Schools 133

APPENDIX B: Permission to Contact Research Participants 134

APPENDIX C: Informed Consent Form 135

APPENDIX D: Key Informant Interview Guide 138

VITA 139

CHAPTER 1

INTRODUCTION

Tennessee is experiencing a budget crisis related to how little it spends per-pupil on kindergarten- through 12th-grade education when compared to other states. Current data rank Tennessee 50th in the nation for total education spending per capita and 48th in the United States with per-pupil expenditures of $6,349. This is slightly over 80% of the national average of $7,899. These same data rank Tennessee 32nd in the United States with a teacher's average salary of $38,515; this is slightly more than 86% of the national average of $44,683 (National Educational Association Research Estimates Database, 2003).

In 1992, the Tennessee General Assembly passed the Education Improvement Act (EIA) creating the Basic Education Program (BEP) that serves as Tennessee's education finance formula. The EIA directed the state board of education to "develop and adopt policies, formulas, and guidelines for the fair and equitable distribution and use of public funds among public schools and for the funding of all requirements of state laws, rules, regulations, and other required expenses" (Tennessee Code Annotated, 1992). The BEP is the statutory mechanism through which the board exercises this responsibility. The BEP funds are allocated between classroom and nonclassroom components. Local Education Agencies (LEAs) are collectively responsible for funding 25% of the BEP's classroom components and 50% of the BEP's nonclassroom components. Tennessee Code Annotated Section 49-3-356 of the EIA required that the local shares be equalized to reflect local ability to raise revenue. The state of Tennessee phased in this new education funding formula over five years, reaching full-formula funding in the 1997-1998 school year. Except for a few revisions, the formula remains unchanged; herein is the problem. Although the BEP has significantly increased Tennessee's education funding, the Tennessee Supreme Court in October 2002 ruled against one component of the program--

teacher's salaries. The court held that the method of funding teachers' salaries "fails to comply with the State's constitutional obligation to formulate and maintain a system of public education that affords a substantially equal educational opportunity to all students" (*Tennessee Small School Systems et al.* vs. *Ned Ray McWherter et al.*, 2002). The recent focus on Tennessee's lowest performing schools highlights the need for Tennessee to better define its responsibilities for children living in poverty. Of the 98 schools placed on notice of probation in 2001, 96 reported more than 60% of their schools' population were eligible for free and reduced lunches. The majority of those schools exceeded 80% (Tennessee Department of Education Report Card, 2002).

The Tennessee Advisory Commission on Intergovernmental Relations (TACIR) (2003) developed the fiscal capacity model to help determine the funding methods for education. This model was adopted by the state board of education to fulfill the requirement of the EIA for fiscal equalization in the BEP. The model is used to help determine the local funding shares for each school system. Fiscal capacity is the potential ability of local governments to fund education from their own taxable sources relative to their cost of providing services. The TACIR formula estimates the per-pupil dollar amount that each county can afford to pay to fund education. The statistical method used in the fiscal capacity model is the multiple regression analysis that takes one factor at a time and compares it with each county's average, called a coefficient, that is calculated for each factor. These averages are multiplied by the value of each factor for each county and summed; this produces a per-pupil fiscal capacity amount. The multiple regression analysis is a very commonly used statistical method in educational research (Tennessee Advisory Commission on Intergovernmental Relations).

Tennessee, like many other states in recent years, has been involved in school finance litigation based on the state's constitution and under equal protection clauses alleging the inequity and inadequacy of state school funding systems (U.S. General Accounting Office, 1997). Because of a court order, Tennessee must remain committed to funding equity. Large,

urban, and local governments that operate school systems are especially affected. In truth though, there will always be areas that will never develop the tax base to adequately support kindergarten- through 12th-grade education; this is another argument for equity. In response to court rulings, state legislative remedies have sought funding equity among local school districts by increasing state dollars for poor districts, redistributing resources by modifying school finance formulas, or limiting the local revenues in wealthier districts (U.S. General Accounting Office). Many educators contend that the amount of funding public schools receive is not necessarily linked to promoting students' higher performance. Other criticisms are that school finance primarily focuses on equity but not on quality; namely, that school financing decisions are often made by decision-makers who do not have a background in public education (Holliday, 2000).

State allocation formulas are the heart of school finance. Equity is the primary objective for most states. In February 1997, the U.S. General Accounting Office released a report that addressed the school finance equity issue. The report confirmed what most education officials already knew; that is, poor communities often lacked the tax base to provide enough funding for education even when they taxed themselves at high rates. Despite states' efforts to supplement the local funding of poorer districts, the U.S. General Accounting Office survey reported that in 37 states, wealthier districts had more total funding available than did poorer districts. On average, wealthy districts had about 24% more funding per pupil than poor districts had. The U.S. General Accounting Office report recommended that states increase the state aid for school spending, target more dollars to low-income communities, and guarantee districts a minimum level of funding regardless of their wealth based on an equal tax effort.

Definitions of Terms

1. *Basic Education Program (BEP)*: Tennessee's education finance formula; a program that "develops and adopts policies, formulas, and guidelines for the fair and equitable distribution and use of public funds among public schools and for the funding of all

requirements of state laws, rules, regulations, and other required expenses" (Tennessee Code Annotated, 1992).

2. *Cost Deferential Factor (CDF)*: This factor is used to adjust the above-average personnel cost in counties in the state of Tennessee.
3. *Education Improvement Act (EIA)*: See [Tennessee Code Annotated 49-1-302 (a) (4)]. The Tennessee State Legislature passed the Education Improvement Act in 1992 after the Tennessee Supreme Court directed the state to come up with a better plan to fund education in Tennessee. From the EIA, the Basic Education Program (BEP) was established (Tennessee Code Annotated, 1992).
4. *Equity and Adequacy:* The most commonly used definition of equity appears to be "equal educational opportunity," whereas most states tend to define adequacy in terms of "sufficient funds" (Chi & Jasper, 1997, p. 26).
5. *Local Education Agency (LEA)*: The local school board in each school district in Tennessee.
6. *No Child Left Behind Act (NCLB)*: This federal law passed by Congress in 2001 attempts to improve the performance of America's primary and secondary schools by increasing the standards of accountability for states, school districts, and schools as well as providing parents more flexibility in choosing which schools their children will attend. It promotes an increased focus on reading and reauthorizes the Elementary and Secondary Education Act of 1965 (No Child Left Behind Act, 2002).
7. *Southern Regional Education Board (SREB)*: This is the nation's first interstate compact for education; it was created in 1948 by Southern states. SREB helps government and education leaders work cooperatively to advance education and, in doing so, to improve the social and economic life of the region (Southern Regional Education Board, 2001).

8. *Tennessee Advisory Commission on Intergovernmental Relations (TACIR)*: Determines the education fiscal capacity of each county area annually by analyzing tax base, ability to pay, and tax and education service burden variables (Tennessee Advisory Commission on Intergovernmental Relations, 2003).
9. *Tennessee Education Association (TEA)*: This organization promotes, advances, and protects public education, the education profession, and the rights and interest of its members (Tennessee Education Association, 2001).
10. *Tennessee Foundation Program (TFP)*: This was the funding scheme for education in Tennessee prior to the funding formula of the Basic Education Program (Tennessee Department of Education, 2002).
11. *Tennessee Higher Education Commission (THEC)*: This commission was created in 1967 by the Tennessee General Assembly (TCA 49-7-202) for the purpose of coordinating and supporting the efforts of postsecondary institutions in the State of Tennessee. One of its requirements was to create a master plan for the development of public higher education in Tennessee (Tennessee Higher Education Commission, 2002).
12. *Tennessee School Systems for Equity (TSSE)*: This was a group formed in 1988 by three school superintendents who filed a successful lawsuit charging that Tennessee was not equally funding school systems in the state (Emerson, 2003).

Statement of the Problem

The purpose of this study was to ascertain what selected leaders of school systems, legislators, and stakeholders in Tennessee perceived to be the current problems associated with funding of the Basic Education Program.

The most serious problem that remains in the Tennessee BEP is the inconsistency in Tennessee School Systems for Equity's (TSSE) salary funding for certified personnel as posted

in the TSSE's funding component. All the components in the TSSE formula are funded at 100% of actual costs except for certified personnel. This includes salary funding for teachers, principals, instructional supervisors, school psychologists, and others (Holliday, 2000).

It should be noted that the most recent Tennessee Supreme Court's 2002 decision was unanimously in favor of TSSE and declared that teachers' pay must be a component of TSSE and that it shall be evaluated on an annual basis to make sure teachers' salaries are tied to the southeastern average. The problem remains with the state and local governments' obligation of funding education (Holliday, 2000).

Research Questions

School finance is criticized on several grounds. Some contend that school funding is not necessarily linked to promoting students' higher performance. Other critics suggest that school finance focuses primarily on equity but not on quality. Interviews were conducted with 20 school directors/administrators in both large and small schools districts, a member of the Tennessee state legislature, and the most recent past Tennessee commissioner of education. These individuals were representative of the leaders who make decisions about education funding in Tennessee. The following research questions were addressed:

1. What is the level of satisfaction of the kindergarten- through 12th-grade Basic Education Program in Tennessee?
2. Is the Basic Education Program working, or not working? How do we currently assess?
3. What are the strengths and weaknesses of the program today?
4. What can be done to make the program better?
5. How can we tie school spending to students' performance?
6. How should school funding be distributed in a more equitable and adequate way?

7. What factors lead to an improved system of funding kindergarten- through 12th-grade education in Tennessee?
8. What can be done to improve teachers' salaries and benefits in Tennessee to keep them in our education system?
9. What other types of taxes could be used to fund education?
10. What should be the obligation of the state and local districts in funding education?

Limitations and Delimitations

Qualitative inquiry is naturally limited by the prevention of the results of the study being generalized to other populations. However, data and theory generated from this study were presented in such a way as to enable the reader to determine its transferability to other populations and could contribute to the existing body of knowledge concerning equity and adequacy in funding kindergarten- through 12th-grade education in Tennessee. The research was influenced by the values of the participants and the researcher regarding the topic of study (Lincoln & Guba, 1985). The study was delimited to former and current school superintendents/directors, state legislators, and policy makers in the state of Tennessee.

Overview of the Study

Chapter 1 of this study includes an introduction and overview of the topic concerning equity and adequacy in funding kindergarten- through 12th-grade education in Tennessee. Chapter 1 also includes a statement of the problem and the limitations and delimitations of the study. Chapter 2 presents an examination of the literature, beginning with the history of early supreme court cases that support the factual issues concerning inequity and inadequacy in funding public education in this country. Specific information related to Tennessee's Small School's lawsuit is also presented. Finally, Chapter 2 includes specific research findings concerning the disparity of funding teachers' salaries in Tennessee when compared to other

southeastern states. Chapter 3 explains the qualitative process, the research design, research participants, the data collection process, and data analysis. Chapter 4 contains a rich description of the findings of the research including specific demographic descriptions of the sites of the interviews and participants of the study. Chapter 5 presents the conclusions of the study including a discussion of how the findings contribute to the literature and recommendations for practice and future research.

CHAPTER 2

REVIEW OF LITERATURE

Introduction

For more than 30 years, litigation challenging the constitutionality of state-wide school finance systems as inequitable or inadequate has driven reform of school finance systems in many states. According to the National Center for Educational Statistics (1999), most school finance cases have sought to address one or more of the following problems related to financing public education:

1. Inequalities in the fiscal capacities of school districts that result in unequal spending and educational opportunity because of heavy reliance for funding education on the tax bases of school districts,
2. inequalities in educational spending and opportunities, and
3. inadequate educational opportunities. (n. p.)

Definition of Equity and Adequacy

The terms equity and adequacy are defined differently in many venues making it difficult to realistically compare students' academic performance on a state-by-state basis. The most commonly used definition of equity appeared to be "equal educational opportunity" whereas most states tended to define adequacy in terms of "sufficient funds" (Chi & Jasper, 1997, p. 26).

Finding an acceptable definition of adequacy is not easy; there has not been a lot of agreement over what constitutes an adequate education. Perhaps the first judicial attempt to define an adequate education was in West Virginia's *Pauley* v. *Kelly* in 1979. Picus (1997) noted in the ruling that the court defined an adequate education as:

> One that teaches students literacy; the ability to add, subtract, multiply, and divide numbers; knowledge of government to the extent that each child will be equipped as a

> citizen to make informed choices; self-knowledge and knowledge of the total environment so as to allow each child to choose life work intelligently; and to facilitate compatibility with others. (p. 8)

Adequacy has been at the core of many court decisions since *Pauley*. In an article in *The Journal of Education Finance,* Verstegen (1998) noted that courts had upheld the existing school finance system in cases where states had defined adequacy as providing a minimum standard of education. Verstegen gave as an example the Texas Supreme Court that upheld the state's school finance plan in *Edgewood Independent School District* v. *Meno* (1995) agreeing with a lower court that per-pupil spending of $3,500 was adequate. Neither ruling clarified how that figure was derived.

In 2001, the Tennessee Comptroller's Office of Education Accountability began an evaluation of the state's BEP (Tennesseans for Fair Taxation, 2001). Adequacy referred to a funding system that gives students access to educational resources and opportunities adequate to achieve desired educational outcomes (Minorini & Sugarman, 1999). In contrast to focusing on outcomes, policy makers sometimes discussed adequacy in terms of the dollars generated by the funding formula compared to some average or current cost of educational goods and services without regard to specific outcomes or dollars generated compared to other systems. An ideal funding formula would tie funding to a set level of outputs; however, such a formula might be difficult to construct. Laws and rules often define standards for educational inputs (Minorini & Sugarman).

Because the state of Tennessee has not determined what standards should be used to measure adequacy, it is difficult to assess whether the BEP funds an adequate education. The formula is based primarily on inputs required for kindergarten- through 12th-grade education rather than outcomes expected.

Although it might sound simple on the surface, these issues of adequacy and equity represent a major change in the way the state of Tennessee and, consequently, school districts in Tennessee will regard school funding issues in the future. As pointed out by Picus (1998),

adequacy focuses on providing sufficient and absolute levels of funding to enable all children to achieve at high levels. This differs from equity, which concentrates on relative levels or distributions of funds. In the past, adequacy had been defined based on revenue available; this was, in essence, a decision made by politicians rather than a decision based on students' needs. The change now is the establishment of ambitious education goals at all levels of the educational system. These goals are aimed at raising outcomes for all students (Picus).

Legislative Responsibilities

State legislators need to know how to determine the cost of an adequate education. States usually monitor certain inputs, such as student-teacher ratios, under the assumption that they will generate an adequate education. Recent education reforms and court decisions have determined that a more direct, outcome-based approach is necessary. Decision makers seek a model in which states will first define an adequate education and then determine how much money is needed to fund the school districts accordingly. Some states are exploring ways to identify ideal spending ranges and efficient practices for certain activities such as administration and transportation and then provide incentives for districts to spend within this range (Education Commission of the States, 1997). As noted by Holliday (2000):

> Education is a state public good; it must be funded in that regard and equalization is the only way to accomplish adequacy statewide. The Basic Education Program's (known today as Tennessee School Systems for Equity) funding formula is the problem, and as implemented in 1992, is less than basic and more inadequate than ever before. It is wrought with a variety of deficiencies, including: Inconsistent treatment of major components, inadequate funding of other components and new needs that are now for all practical purposes basic for which new components should be introduced. These deficiencies could be remedied. Additionally, outcomes produced annually by the Tennessee School Systems for Equity (TSSE) funding formula resulting in a flat or reduced funding do not make sense in an environment of increasing costs that are facing local governments when budgeting for education expenditures. (pp. 1-2)

Cost to Local Governments

How is it known that local governments are bearing relatively more of the cost for funding public education? As stated by Holiday (2000), the University of Tennessee's County Technical Assistance Service gave several indicators:

1. Although Tennessee ranks 48th in education spending per pupil, it ranks 32nd in average public school teachers' salaries.
2. Tennessee counties and consolidated governments' outstanding debt has increased over 38% in just four years from FY 1998 to FY 2002 and is largely a result of financing school building improvements and construction.
3. Of all revenue for education, the state of Tennessee provides 48.5% whereas Alabama provides 63.2%, Georgia provides 53.7%, Kentucky provides 62.9%, Mississippi provides 55.5%, North Carolina provides 65.4%, and South Carolina provides 52.5%.
4. Since the Educational Improvement Act was passed, school systems, especially urban ones, are experiencing actual declines in state funding from one year to the next with final notification generally being made at the time a local government is preparing a budget. (p. 2)

According to Holliday (2000), the first indicator, although not broadly known, is perhaps the greatest funding problem in the Tennessee School System for Equity (TSSE). Because local governments provide significant supplements to state salary funding, Tennessee ranks much higher on teachers' salaries than it does on overall spending. Furthermore, Tennessee's department of education's officials have periodically presented comparisons between the required TSSE local match and the extent local revenues are satisfying that requirement. It has been shown that many school systems' budgets contain significantly greater funding than required by law. In some cases, local governments have budgeted as much as 300% of the TSSE match (Holliday).

The second indicator, according to Holliday (2000), was because many local governments had increased debt obligations for schools, partly because of the state's requirements to reduce class size and partly because of growth. Holliday explained that because of the magnitude of local funding needed for the first and second indicators, local government officials were finding themselves with little opportunity to fund new programs or make improvements in existing programs beyond salaries and capital needs. It is not surprising that the state's contribution to education in Tennessee lags behind many of its neighboring states. As to the fourth indicator, one aspect of the intent to improve the state's education funding has been to index annual costs. For school systems that experience a flat or declining level of funding, this particular feature of the TSSE is inoperative. Worse, it has the potential for one system's funding to be adversely affected by another system's funding (Holliday).

Holliday (2000) suggested some specific ways to improve funding for kindergarten-through 12th-grade education in Tennessee. These improvements must be accomplished through significantly more funding without sacrificing equity by leaving the TSSE formula intact and simply treating cost components more consistently by improving existing components and by adding new components to drive a funding mechanism that is more "basic" in a 21st Century context. Considerations such as valuing teachers and instructional staff as highly-skilled labor through improved salary funding and recognizing the needs of both urban and rural school systems are critical to improving the quality of education in Tennessee (Holliday).

Formation of Tennessee School Systems for Equity

Tennessee School Systems for Equity (TSSE), formerly known as Tennessee Small Schools Systems, was formed in 1986 by three school superintendents and as the idea grew, many other school systems became interested as well. In 1988, the original TSSE lawsuit was filed, charging that Tennessee was not equally funding school systems in the state. Seventy-seven school systems joined in the suit under TSSE. The suit brought a historic landmark

decision in 1992 by finding that the assertion by TSSE was correct. The outcome of this decision was the founding of the BEP that was to become the funding formula for kindergarten-through 12th-grade education. As a result, school systems in Tennessee have shared more than $1 billion in additional state funds, annually over the last 10 years. That original decision by the Tennessee Supreme Court also included equalization of teachers' salaries. In 1995, the state provided $12 million to treat the problem; however, this amount was not equalized and it only helped the lowest paid systems (Emerson, 2003).

According to Emerson (2003), president of the TSSE, "We have taken the first true step forward to achieving equity in teachers' pay in Tennessee." Speaking to the media on March 14, 2003, Emerson was referring to the most recent Tennessee Supreme Court decision, which was unanimous in declaring that teachers' pay in Tennessee be considered as a component of the BEP and deciding that it must be evaluated on an annual basis while being tied to an objective number (southeastern average). The decision was very strong in stating that the state of Tennessee has the responsibility to ensure teacher-pay equity (Emerson).

Of the more than $5.6 billion in revenue reported by local education agencies in fiscal year 2002, the combined state and local shares of BEP accounted for 63%, or $3.5 billion. The state's share was approximately two thirds of the total $3.5 billion generated by the BEP. Partly funded by a half-cent sales tax increase, state funding for elementary and secondary education through the BEP rose over $1.1 billion from 1991-1992 to 2001-2002. Yet for a number of reasons, it now appears the BEP may not fund all resources for TSSE as the Board and General Assembly envisioned (Tennessee Department of Education, 2002).

The Extent of Financial Disparity

Since establishing educational systems in the 1800s, most states, including Tennessee have experienced problems in trying to equalize education funding from school to school and district to district. What has been seen is wide-spread dependence on local property tax revenues; this means that students living in school districts with high-priced residential or commercial property continue to have substantially greater resources available to support their education than students residing in poorer districts (Rebell, 1998).

Twentieth-century efforts to offset inequities via taxation-equalization measures (foundation plans, legislative caps, and redistribution schemes) have been only partly successful and have benefited taxpayers more than students. During the 1960s, affluent districts routinely spent twice the amount that nearby poorer districts did and sometimes four or five times as much. Moreover, wealthier communities could afford to spend more per pupil while taxing themselves at lower rates (Miller, 1999).

Today, after three decades of litigation, beginning with California's famous 1971 *Serrano* decision, financial disparities among districts and among states remain high. In New Jersey, 1995-1996 per-pupil expenditures ranged from a low of $5,900 to a high of $11,950. The range of $3,000 to $15,000 for the same year in Illinois was even more inequitable (National Conference of State Legislatures, 1998). In 1998-1999, per-pupil spending varied from $3,632 in Utah to $10,140 in New Jersey (National Center for Educational Statistics, 1999).

Remedying Fiscal Equity Problems

Promising developments in remedying fiscal equity problems occurred in the last two decades with several educational initiatives and a landmark Kentucky Supreme Court case. According to Arnold (1998), the first development involved a policy shift from horizontal equity (equal distribution of resources in an absolute sense) to vertical equity (distribution of revenue in pursuit of equality while considering differences among types of districts) and equal

opportunity/fiscal neutrality (elimination of unjust differences among expenditures). The latter two concepts of equity are found in the second wave of fiscal equity litigation (1971-1973 and 1973-1989) that is considered the equal protection clauses in state constitutions (Arnold).

The most promising development was the shift from equity to educational adequacy, that is, the attainment of sufficient funding levels in absolute terms to produce the likelihood that students would achieve at acceptable, specified levels. As noted by Clune (1994), adequacy played a key role in court litigation deciding the constitutionality of state school-finance systems, beginning with Kentucky in 1989. Instead of focusing solely on monetary inputs, courts and policy-makers stressed attainment of high minimum outputs as a primary goal in school finance. An equal share of too little had become unacceptable in most states (Clune).

According to Odden (1999), the shift to educational adequacy required development of a new finance system linked to strategies for improving both average and special-needs students' performance. The adequacy movement offered educators an opportunity to blend equality concerns with ongoing school-improvement efforts stressing quality, accountability, and higher academic standards.

In Virginia, Minnesota, Wisconsin, Maine, Rhode Island, and Alaska, the highest courts have upheld existing funding systems by arguing in part that the plaintiffs either did not mount an adequacy challenge or conceded that the system was adequate (Picus, 1998). In other states, courts have declared the schools' finance systems unconstitutional by arguing that a minimum or basic education is insufficient. As noted by Picus (1997) in New Jersey's *Abbott v. Burke* (1990), the state's supreme court ruled that students in the 28 poorest, lowest spending districts were entitled to the same educational opportunities as students in the wealthiest, highest spending districts in the state. In *Campbell County School District* v. *Wyoming* (2001), the state's high court ruled that Wyoming was required to define a proper education and then establish a funding system that would make such an education available for all children. In *DeRolph* v. *Ohio* (1997), the state's supreme court ruled that the school finance system must

ensure that every school district has enough funds to operate and that each school district has enough teachers, safe school buildings, and sufficient equipment to provide educational opportunities for all students (Picus, 1998). These various lawsuits show the importance of determining the cost of providing an adequate education for every child.

Early Supreme Court Cases

There are early key state supreme court cases that have been based on the equal protection or education provisions of state constitutions. The California Supreme Court, in *Serrano v. Priest* in 1971 (as cited in Lunenburg & Orstein, 2000), was the first state supreme court case to strike down a school finance system for violating the federal or state constitution. This decision held that the California school system would be unconstitutional if it made educational opportunities a function of the taxable wealth of a child's school district. Because property taxes were the major source of local revenue for schools in California and most other states, the measure of a school district's taxable wealth was equalized assessed property valuation per pupil. Even after receipt of state education aid, the level of school district funding per pupil was determined by a district's taxable wealth. The court held that wealth-based inequalities violated the equal protection provisions of both the federal and state constitutions (Lunenburg & Orstein). The 1971 California Supreme Court decision *Serrano v. Priest* was based on the equal protection provisions of the United States and California constitutions. After the United States Supreme Court rejected a similar federal equal protection claim in *Rodriquez*, it apparently was not clear whether *Serrano* was still a valid law. Subsequently in *Serrano II* (1976), the California Supreme Court reaffirmed the original decision in *Serrano I*, based solely on the equal protection provisions of the California Constitution (Fowler, 1999).

Shortly after the *Rodriquez* case was decided in 1973, the New Jersey Supreme Court found the New Jersey school finance system to be unconstitutional (as cited in Fowler, 1999). The deciding case, *Robinson v. Cahill*, (1973) like *Serrano*, challenged fiscal and educational

inequalities resulting from great disparities in tax bases among school districts. According to Fowler, The New Jersey court declined to base its decision on state equal protection requirements; rather, it found that the deficiencies in the New Jersey school finance system violated the education article of the state constitution that required a thorough and efficient system of public education. By being thorough and efficient, the court ruled that the system must provide the level of educational opportunity needed to equip children for their roles as citizens and competitors in the labor market and that all children must have an equal opportunity to receive this level of education. The court further required the New Jersey state legislature and the state department of education to define the required level of educational opportunity in a meaningful way and then to fund it (Fowler).

The legal basis for the *Serrano* decision has been called the fiscal neutrality standard, meaning that the level of educational opportunities may not depend on the taxable wealth of a particular school district, but, must be a function of the taxable wealth of the state as a whole (National Center for Educational Statistics, 1999).

In the *San Antonio Independent School District v. Rodriquez* in 1973 (National Center for Educational Statistics, 1999), the United States Supreme Court held that in this case, the district wealth-based inequalities in the Texas school finance system did not violate the equal protection requirement of the federal constitution. The court ruled that public education was not a fundamental right under the federal constitution. The court applied minimal scrutiny to the inequalities in funding per pupil among Texas school districts resulting from disparate taxable wealth and found a rational basis for them in the state's interest in local control. Because of this United States Supreme Court decision, school finance litigation shifted to the state courts based on state constitutions. When these cases moved to the state courts in 1973, the education and equal protection provisions of state constitutions were in large part uncharted territory (National Center for Educational Statistics).

The *Serrano* and *Robinson* cases established much broader outlines of the factual and legal bases for most of the later school finance cases. In all practicality, subsequent school finance cases have relied on the education equal protection provisions of state constitutions. Many later cases have involved similar fact patterns whereby the plaintiffs' have sought to address either inequalities or inadequacies in fiscal capacity in educational spending and opportunities (National Center for Educational Statistics, 1999).

In *Tennessee Small Schools v. McWherter,* (1993) when referring to the state constitution's education clause, Tennessee's Supreme Court Justice Riley Anderson concluded:

> The defendants' argument overlooks the plain meaning of Article XI, Section 12. That provision expressly recognizes the inherent value of education and then requires the General Assembly to "provide for the maintenance, support and eligibility standards of a system of free public schools." The constitution speaks directly to a right of inherent value, education. As used in Article XI, Section 12, the word "education" has a definite meaning and needs no modifiers in order to describe the precise duty imposed upon the legislature. The first definition of "education" in the unabridged edition of The Random House Dictionary of the English Language, 454 (2d ed. 1987) is: "The act or process of imparting or acquiring general knowledge, developing the powers of reasoning and judgment, and generally of preparing oneself or others intellectually for mature life." *Indeed, modifiers would detract from the eloquence and certainty of the constitutional mandate, that the General Assembly shall maintain and support a system of free public schools that provides, at least, the opportunity to acquire general knowledge, develop the powers of reasoning and judgment, and generally prepare students intellectually for a mature life. Contrary to the defendants' assertion, this is an enforceable standard for assessing the educational opportunities provided in the several districts throughout the state*. (n. p.)

Factual Patterns for Litigation

In virtually all school finance cases, the plaintiffs (school districts, parents, children) have been from low-wealth and under-privileged school districts usually those districts whose wealth per pupil was below the state average and in most cases among the lowest in the state. Because of deficient tax bases, these districts frequently made above-average tax efforts but typically raised comparatively little local revenue per pupil. Even with state aid, these districts generally spent at levels well below the state average. This is the usual factual pattern of most school

finance cases regardless of whether they are focused on eliminating wealth inequalities in spending as an end in itself as seen in *Serrano,* on equalizing funding and opportunities for children, or on requiring a certain level of educational adequacy. According to the research available, the types of school districts affected by this pattern have varied from state to state (National Center for Educational Statistics, 1999). The poor districts involved in litigation have been urban, rural, suburban, or a mix.

In *Serrano* and *Robinson,* as in most subsequent school finance litigation cases, the issue was not purely that spending was unequal; but because of unequal spending, children in the lowest spending districts received lesser educational opportunities, thus, inadequate or inferior education. In most cases where the court rulings were in favor of the plaintiffs regardless of the legal theory, the focus was on the harm to children resulting from unequal or inadequate educational opportunities (Lunenburg & Orstein, 2000).

The Legal Basis for School Finance Litigation

The majority of state supreme court decisions on school finance have been based on the equal protection or equal provisions of state constitutions. The constitutional language relating to education differs from state to state. Some of the common language or wording described in state constitutions for particular states educational systems might be that the system must provide a “proper,” "efficient,” “uniform,” “general and efficient,” “adequate,” “vertical equity,” “equal opportunity to a quality education,” “as nearly uniform as practicable,” “equitable allocation,” “reasonably equal,” and “paramount” education (Fowler, 1999, n. p.).

The supreme courts in both Kentucky and Texas overturned each of those states' school funding systems for failing to provide an efficient system of free public schools. Providing an education is a paramount state duty, according to the Washington State Constitution, but it was found to have failed to do so by violating and seriously under-funding public education. In Massachusetts and New Hampshire, the supreme courts found that school finance was

unconstitutional by interpreting very old constitutional language that required that the legislature "cherish" education (Fowler, 1999, n. p.).

Property Tax Reform

In recent years, county property tax has come under fire as the main revenue source for public schools. Many states have considered alternative revenue sources, but only a few states were able to reduce their degree of reliance on local property taxes. Kentucky and Michigan are considered models for other states in this regard.

In 1990, Kentucky abolished all existing school-funding mechanisms and created a "tiered school finance system" comprised of three components: the state adjusted base guarantee and two local options, Tiers I and II, which collectively allowed local school districts to exceed the state's minimum funding per pupil (U.S. General Accounting Office, 1997). Adjustments to the base guarantee were made for at-risk students, exceptional children, and transportation. Tier I included state equalization funds. Tier II included only local funds. Known as the Support Education Excellence in Kentucky program, this school finance system required a minimum local tax effort of 30 cents per $100 of property value. This funding mechanism increased support to local schools and redistributed educational dollars among school districts. Kentucky also raised the state sales tax rate from 5% to 6% to provide additional dollars to public schools (U.S. General Accounting Office).

Before 1990, Michigan relied heavily on property taxes to fund public education. According to the U.S. General Accounting Office (1997), the Michigan legislature devised alternative funding sources to cover the cost of public education and allocate dollars across all school districts. After several months of debate, the legislature presented voters with two choices: a ballot proposal to amend the state's constitution and a legislatively enacted back-up plan should the ballot fail. In 1994, voters chose Ballot Proposal A. It called for (a) a 2-cents sales/use tax increase, (b) six statewide mills on homesteads to fund education, (c) a 50-cents per

pack tax increase on cigarettes, (d) a .75 of 1% sales tax on all transfers of real estate, and (e) a reduction in the state income tax revenue into the school aid fund. This provided a relatively stable funding source for public schools. The net effect was a tax increase of more than $200 million, while at the same time more than $10.5 billion was allocated to public education (U.S. General Accounting Office).

In the spring of 1996, Kansas Governor Bill Graves signed a compromise school finance bill that allowed districts to raise extra money through local property taxes. As part of the plan, the state paid an additional $22 per pupil to school districts, raising per-pupil spending to $3,648 in the 1996-97 school year at a cost of $12 million. The measure also cut the statewide property levy by two mills in 1996 and by another two mills in 1997 (U.S. General Accounting Office, 1997).

In August of 1997, Texas voters approved a constitutional amendment that provided $1 billion in new state aid to local school districts. The new funds replaced money lost by raising the minimum school property tax exemption on a home from $5,000 to $10,000. The property tax cuts were paid for by a surplus in the state's budget. The amendment also gave a 5% pay raise to many teachers in the state. The pay raises were triggered by state law giving teachers a set portion of increased state aid to schools (U.S. General Accounting Office, 1997).

In Vermont, just four months after its supreme court threw out the state's system of funding education, the state legislature approved a replacement. The legislature approved a plan that largely abolished the local property tax in favor of a uniform statewide tax that would be capped at no more than 2% of a taxpayer's income. As reported by the U. S. General Accounting Office (1997), the goal of the Equal Educational Opportunity Act in Vermont was to equalize the ability of every town to raise tax dollars to pay for education. The measure instituted a statewide property tax to pay $5,000 toward the cost of educating each student in the state. Towns were given the authority to implement and equalize local property tax for any spending above that amount (U.S. General Accounting Office).

Tax Reform Issues

Among all forms of taxation, the property tax is the most unpopular of any tax collection according to public opinion. However, property tax collections have continued to show a steady increase for the past five years in many states. From 1992 to 1995, estimated property tax revenues rose faster than personal income tax and sales tax revenues. The property tax revenues of state and local governments increased by nearly 22%, or more than 5% a year (Chi & Jasper, 1997).

In spite of all the criticism of using the property tax as a major source of school funding, most states had not, or could not, cut property taxes for several reasons. According to Chi and Jasper (1997), property taxes brought in hundreds of millions of dollars and cutting them could cause radical changes in states' revenue collection efforts. The property tax also accounted for more than 97% of local tax revenues in most states. Second, it is difficult for lawmakers to raise income or sales taxes to offset reductions in property taxes. Third, elected officials are reluctant to lower local property taxes and accept the blame for resulting tax hikes at the local level (Chi & Jasper).

Some experts contended that criticism of the property tax was misguided (Chi & Jasper, 1997). The authors argued that school finance disparities resulted not from the property tax but from reliance on a local tax base. Therefore, the remedy for inequities should not be to change how local revenue is raised but to reform how state aid is provided (Chi & Jasper).

According to Chi and Jasper (1997), experts have made recommendations for making property taxes a more effective and equitable revenue source for funding education including: (a) standardizing assessment values; (b) sharing the property tax base, either regionally or at the state level; (c) appointing rather than electing property assessors; (d) defining clearly state and local responsibilities for property taxes; (e) enforcing re-evaluation requirements; (f) reducing or eliminating property tax exemptions; (g) conducting annual assessments; (h) implementing a statewide levy; and (i) forwarding all property taxes to the state for redistribution (Chi & Jasper).

Many states have used lotteries to generate revenues for public education. Lotteries are a voluntary form of taxation. In New York, the lottery generates more than $2 billion per year (Chi & Jasper, 1997). Adopting lotteries for school finance in most states has been less controversial than raising other taxes. The question remains, though, "Does education really benefit from lotteries?" Miller and Patrick's (1997) study concluded that lotteries were "false promises for education" (p. 34).

Tennessee's System of Taxation

Funding for kindergarten- through 12th-grade public education in Tennessee is in a crisis. The issue is more complex than the single but important concerns that various people might have about reading programs, staff development, or escalating tuition in higher education. This crisis affects the livelihood of future generations of Tennesseans because the quality of education a population receives affects its ability to secure productive employment. Without an educated population, the state cannot attract new businesses and industries. As pointed out by Tennessee Tomorrow (2001), without new businesses, industries, and higher paying jobs, the tax base for the state will continue to decline, the quality of kindergarten through 12th grade and higher education will continue to erode, and the quality of life for the citizens in Tennessee will suffer.

The governor and legislature cannot afford to fail to address the problems of funding public education in Tennessee. Tennesseans should not tolerate a lack of will on the part of their elected officials to reform the state's tax structure.

Tennessee has an inelastic taxation system. The revenues from taxes do not grow proportionally with the increase in demand for services. Additionally, Tennessee ranks 49th in the nation in all taxes collected as a percentage of personal income although the state is 33rd in per-capita personal income. As reported by the Southern Regional Education Board (2001), Tennessee had been experiencing a structural deficit for years. A structural deficit occurs when the collection of revenues at the current rate will not be able to maintain the existing level of

service. Raising the sales tax could be counter-productive because Tennessee does not tax services. Raising additional revenue from sales taxes will also be increasingly difficult, because Internet and catalog sales are presently exempt; furthermore, many of Tennessee's citizens travel to other states to purchase consumer goods and will do so in increasing numbers if the sales tax is increased (Southern Regional Education Board).

As noted by Tennessee Tomorrow (2001), in 76 of Tennessee's 95 counties, 12% or fewer of the overall population aged 25 and older hold college degrees. In 33 counties, 7% or fewer of the individuals in this age group hold a college degree. In order to reach the educational attainment level of its border states, Tennessee would have to increase its bachelor's degree holders by 34%, or 204,000 individuals, and would have to increase its college-educated population by 44% to reach the national average. In 2000-2001, Tennessee ranked 35th in the nation on graduates' average composite ACT score (Tennessee Tomorrow).

To get a better understanding of Tennessee's education funding crisis, it is important to discuss the under-funding of higher education in Tennessee. Higher education has not been fully funded since 1985, according to the Tennessee Higher Education Commission (THEC) funding formula (Tennessee Tomorrow, 2001). As reported by Tennessee Tomorrow, from 1990 to 200l, higher education received $667,282,230 less than the amount generated by the THEC funding formula. During the 2001-2002 fiscal year, THEC institutions in Tennessee were funded at 85.4%--down from 91% in 1998-1999. From 1993-1994 to 2000-2001, tuition and fee revenues have increased in Tennessee by 72% whereas state appropriations have increased only 27%. In 2001, tuition in state universities increased 15%. Leaders in Tennessee made drastic cuts in the fiscal year 2001-2002 budget. These cuts included: (a) elimination of the Governor's Reading Initiative; (b) reduction by 50% of maintenance expenditures for Tennessee Board of Regents and University of Tennessee; (c) elimination of equipment upgrades; and (d) elimination of funding for specialized units, such as, medical education, tech centers, and research and public service units. In addition, state employees and teachers' salary increases were reduced to 2.5%

"cost of living raises." All capital projects at the University of Tennessee Knoxville, University of Tennessee Memphis, East Tennessee State University, and other's campuses were cancelled. Additionally, the Governor's Schools, including the Governor's School for Prospective Teachers, were eliminated (Tennessee Tomorrow).

As noted by the Southern Regional Education Board (2001), unless tax reform is passed, citizens of Tennessee in 2002 would be faced with a $342 million shortfall. The median household income for Tennessee in 2001 was $32,602, considerably below the national average of $38,233. In 1995, Tennessee's per capita income was 92.5% of the national average but by 1999, it had dropped to 89.6%. This decline lowered state tax revenue by more than $800 million over the four years of 1996 through 1999. Only 35% of the University of Tennessee's College of Education elementary and mathematics graduates taught in the state's public schools during the decade of the 1990s (Southern Regional Education Board).

Per-pupil funding in 15 southern states from 1995 to 2000 when adjusted for inflation rose in six Southern Regional Educational Board (SREB) states and fell in nine states. The largest decline was in Tennessee where per-student funding fell $1,303 or to nearly a 20% decline. Funding for a full-time equivalent student in Georgia, by contrast, increased $1,135 (Southern Regional Education Board, 2001).

The average salary of public school teachers in Tennessee as a percentage of national average was 87.5% in 1998-99 and 87% in 1999-2000. The national average of public school teachers' salaries was $44,604; Tennessee's was $38,515 (National Education Association, 2002). The five-judge panel of the Tennessee Supreme Court on October 8, 2002, ordered the state of Tennessee to find a more equitable way to pay teachers creating a quandary for the legislature and Governor Phil Bredesen that may cost the state hundreds of millions of dollars.

The court ruled that the state's contributions for teachers' pay produced such wide disparities in salaries that poor, rural districts could not compete for and retain well qualified teachers and therefore could not provide the equal educational opportunities required by the state

constitution; consequently, the court ordered the legislature to find a solution. According to some estimates, it could cost the state $450 million or more a year (Sack, 2002a).

This October 2002 decision of the Tennessee Supreme Court represented the third time the high court had ruled in this case that was filed in 1988. In 1993, the court declared the schools' finance system unconstitutional by ruling that it shortchanged rural districts (Sack, 2002a). In a second ruling, the court conditionally approved the state's plan to fix the funding formula. The October 2002 decision reversed the lower (chancery court) ruling on teacher salaries that led small rural districts against its large urban peers. The Tennessee Supreme Court held that the current system of financing teachers' salaries that offered supplements to poorer districts based on the 1993 average salary of $28,094 was flawed. Tennessee's public school teachers' current average salary is slightly over $38,000. Justice E. Riley Anderson, the lead justice in the case, wrote, "It is clear that the target salary in this equity plan bears no relationship to the current actual cost of teacher salaries." Furthermore, Justice Anderson wrote, "The plan contains no consideration of the costs of recruiting and hiring teachers" (as cited in Sack, 2002a, p. 17). The first decision in this case resulted in an overhaul of the schools' finance system called the Basic Education Program (BEP). Under the BEP, the district's tax base was calculated and schools with fewer sources of revenue got extra state aid. Districts could not use BEP money to raise teachers' salaries. Tennessee's current salary-equity plan was adopted in 1995. Several urban districts, concerned that the state would decrease their funding if the system was changed, joined the state as defendants to support the plan (Sack).

Tax Resistance to Support the Plan

The legislature struggled to construct a fiscal 2003 budget that would pay for education at the court-ordered BEP levels without enacting a new income tax--a move vehemently opposed by anti-tax groups. Over the past several years, lawmakers have borrowed from the subsequent year's budgets and raided the state's tobacco settlement fund to pay the bills. In 2002, after a

standoff that resulted in a three-day government shutdown, the legislature passed a plan that increased the state's sales and use taxes by 1% (Sack, 2002b). Under the fiscal 2003 budget of $20 billion, funding for education stayed mainly at 2002 levels but in January 2003, teachers got a 2% raise (Sack). According to the Southern Region Education Board (2001), Tennessee is 14th among 16 SREB states in providing funding for high quality prekindergarten programs by spending $3.1 million to serve 6,000 students. Georgia, in contrast, spent $224 million to serve 62,500 students.

For the 1999-2000 school year, Tennessee had approximately 31,500 three- to four-year-old children living in poverty. Head Start and private funds served 17,000 children but 14,500 were not served at all (Tennessee Division of Special Programs, 2001).

Room to Improve

Many school groups including the Tennessee Education Association (2001) have expressed their concern that Tennessee is losing many teachers to urban counties and states; therefore, they have asked the legislature to use the southeastern regional average instead of the lower Tennessee average when calculating its contribution to teachers' salaries. According to the Tennessee Education Association, teachers can make $12,000 to $14,000 more by driving to adjoining states or just by crossing county lines. Officials from Overton County, one of the plaintiffs in the TSSE case, stated that dozens of teachers moved to Kentucky and other states that paid higher salaries. Another plaintiff in the TSSE case was Hancock County that had lost several teachers to nearby counties who paid their teachers from $5,000 to $15,000 more.

Spending and Students' Performance

No matter how equitable and adequate spending might be, a school's finance system might not be considered effective and efficient unless the system produces better-educated students. As recorded by the National Center for Educational Statistics (1999), in Connecticut,

fourth-, sixth-, and eighth-grade mastery tests were given in math, writing, and language arts. Standards, mastery, and remedial performance were measured and maintained. Students performing below remedial levels received extra weighting in the grant formula. Schools with a percentage of students performing at or above the mastery level increases could be rewarded with grants. According to the National Center for Educational Statistics, Kentucky conducts subject-matter tests and requires portfolios. Schools that reach performance goals often share monetary rewards. Schools and districts that fail are provided with additional assistance and they can replace ineffective teachers, administrators, and board members (National Center for Educational Statistics). The New Jersey program includes school-level rates of students passage on statewide assessments and a $10 million Rewards and Recognition Program. Schools with 90% or more students passing get absolute success rewards. Remaining schools are grouped by initial achievement rates. The top 10% of schools that show the most progress are rewarded by the state (National Center for Educational Statistics).

Students' Performance: Raising the Bar

The ultimate goal of school finance reform should be improving students' performance. States are restructuring school finance systems to ensure that sufficient funds are being spent effectively to achieve the ultimate goal of improved performance. At the same time, states are expecting more for their money; they are raising the bar for students' performance with higher academic standards.

The *No Child Left Behind Act* of 2001, was passed unanimously in both the congress and senate and subsequently was signed by President George W. Bush on January 8, 2002. Each state is required to develop academic standards for its students. States are required to implement assessments to measure whether students are meeting those standards. In the past, states were not strong enough to provide a solid foundation for assessments. It is now required by the new

Act for states to look at the strongest standards of other states as a guide to help them implement standards that have worked (No Child Left Behind Act, 2002).

Higher academic standards are important because students' performance in the nation's public schools is perceived to be in need of improvement. Americans are consistently hearing reports of poor academic performance. Academic decline in both rural and urban schools is particularly evident. In reading, for example, the average scores of students from disadvantaged homes on the National Assessment of Educational Progress exam have fallen steadily since the late 1980s; this is an exam given every few years in schools nationwide and widely used to judge academic progress. The reading scores of disadvantaged urban eighth graders nationally have fallen this decade to levels lower than they were 25 years ago (National Educational Association Research Estimates Database, 2003).

To improve students' performance, the *No Child Left Behind Act* of 2001 required states to design and implement new assessment systems. Unlike traditional assessments, standards-based assessments are closely linked to curriculum, thus, producing a tight coupling between what is taught and what is tested. Norm-referenced tests only compared each student's performance to that of others; standards-led assessments incorporate pre-established performance goals. These performance assessments typically engage students in real-world problems rather than artificial exercises (No Child Left Behind Act, 2002). Not only do such assessments measure a student's ability to master complex tasks but are also useful for teachers to model those tasks in the classroom.

As noted by McChesney (1998), some whole-school model reforms if well implemented and adequately funded have raised students' achievement. These reform programs often involved collaborative efforts among homes, schools, and communities to assist in students' personal and academic development. Prior to selecting a model, schools must engage in a thorough self-study to determine the most appropriate program for their particular needs. Based on the program of choice, schools set goals and develop means to reach those goals. Further,

schools must develop and emphasize a central, guiding vision that incorporates all aspects of the school environment (Hertling, 1999).

An Overview of Kindergarten- Through 12th-Grade Education Finance

America's public schools are operating in an era of enhanced expectations. Schools are being challenged to meet the demands of an economy that is increasingly oriented toward knowledge and information skills. According to Carey (2002), recent legislative initiatives at both the state and federal level have created new systems of testing and performance standards that will hold schools and teachers accountable for students' achievement. Because of these ongoing changes, many policymakers have noted the importance of designing financial systems that provide public schools with sufficient resources to meet the demand for better education (Carey).

The creation of an alignment between funding and accountability can be difficult. The public policy issues surrounding the financing of public education are enormously complicated. While a quality education is universally understood to be an essential component of childhood development and social mobility, the specific policies surrounding the allocation of funds to school districts are usually complex and obscure with formulas that are understood by only a small group of experts. Those concerned with improving public services for children can be left with the general sense that something should be done to improve public education but without the tools to meaningful engage in the policy debate (Carey, 2002).

Money and Public Schools: How Much Does it Cost?

According to statistics compiled by the National Education Association (2002), the United States spent approximately $412 billion on kindergarten- through 12th-grade education during the 2001-2002 school year making it the largest single area of direct public expenditure exceeded only by national defense. These expenditures were for the benefit of 47.4 million

public school students (another 5.2 million children attend private schools) for an average per-student funding level of $8,685. This amount comprised funding from all sources: federal, state, and local and included funding for instruction, building, administration, and retirement. There was a significant variation among the states; for example, Connecticut had the highest per-student funding; this was over twice the amount of the lowest spending state, Utah (National Education Association).

To put expenditures of kindergarten- through 12th-grade education in perspective, $412 billion represented just over 4% of the 2001 U.S. gross domestic product (U.S. Department of Commerce, 2002). Public kindergarten- through 12th-grade education accounted for approximately 24% of state and local government expenditures (U.S. Department of Census, 2002).

Financing public education is primarily the responsibility of state and local governments. In the fiscal year 1999, 49% of education funds came from state appropriations, 44% from local revenues, and 7% from the federal government. Local governments raise funds for education primarily through property taxes whereas states rely on a variety of taxes including personal and corporate income taxes and sales and franchise/excise taxes. Funding public education has remained somewhat constant over time with the small role the federal government has played; at the same time, the share of education financed with state dollars have increased while the local share has been shrinking. The states' share of school funding has risen from 30% in 1940 to 40% in 1970 and to 49% in 1999 (Carey, 2002).

Some states rely heavily on state appropriations for funding schools; others require school districts to raise the bulk of funding from local taxes (primarily property taxes). One state, Hawaii, operated public schools under a single school district that was entirely funded from the state's resources. Among states that use a mix of state and local funds, the smallest percentage of school funding from local revenues was found in New Mexico at 17% whereas the largest percentage was found in New Hampshire that raised 91% locally (Carey, 2002).

As noted by Carey (2002), the primary expense of every school district was the cost of hiring its share of the nation's 2.9 million public school teachers; this expense represents approximately 53% of all school expenditures. Care added that the remaining balance of school expenditures varied among maintenance, administration, transportation, instructional support, health, and general services.

Determining Funding Formulas for Public Schools

Hundreds of billions of dollars per year are spent on public education with states generally providing those funds directly to school districts. States identify factors that distinguish districts from one another, calculate the impact or the differences on the cost of providing educational services, and distribute funding accordingly. The most significant factor that distinguishes school districts from one another is a school district's wealth. Many districts are relatively wealthy; others are not. States have developed a number of basic funding schemes for funding levels in school districts to adjust for varying degrees in local differences in wealth. Every state's funding system is different; yet, the structures of school funding across the country have basic similarities.

In an article in *The Journal of Education Finance*, Verstegen (2002) noted that state formulas for dividing funding among school districts fell into one of four categories: flat grant, power equalization, foundation plan, and full state funding.

Flat Grant

As described by Verstegen (2002), under the flat grant approach, each district received an identical "flat" grant for each student enrolled regardless of local circumstances. This funding scheme reflected a consideration that the state should ensure a minimum funding level for all students and then give local district officials autonomy to raise funding beyond that point as they

see fit. This approach was once common in many states but it has largely been abandoned in favor of formulas that are more appropriate.

Power Equalization

According to Verstegen (2002), this approach grew out of the work of education reformers who, in the 1960s and 1970s, observed differences among districts in their ability to raise local funds; these variations resulted in school funding disparities. A certain standard increment of property taxation such as a "mill," for example, that represents one hundredth of 1% of the value of property raised far more money per student in wealthy districts than in poor districts. Districts that adopted identical property tax rates obviously received very different amounts of revenue. The solution to this discrepancy was to guarantee every district a standard amount of money per student for each unit of taxation. For example, the state might decide that every school district should be able to raise $100 per student, per mill of the property tax rate. If in the event that the school district's tax base was such that one mill only raised $40 per student, the state would provide a grant equal to the difference between $100 and $40 or $60 per student, per mill. A wealthier school district with a tax base that raised $70 per student, per mill would only receive $30 per student, per mill from the state. In this way, the state "leveled the playing field" for school districts in terms of their ability to raise revenue thereby ensuring that funding disparities were a result of differences in taxpayers' preferences, not taxpayers' wealth. As noted by Verstegen, the power equalization approach reflected the idea that states have a responsibility to ensure that school districts have equality of opportunity in school funding but not equality of outcome.

Foundation Plan

As described by Verstegen (2002), the foundation plan approach was used in various forms by 40 states. It incorporated elements of the previous two approaches. It established both

a specified (foundation) per-student funding amount and a specified local tax rate that each school district must levy. The state provided the difference between the amount of revenues raised from the local tax rate and the foundation funding level. For example, a state might establish a foundation funding level of $6,000 per student. For a small district with 1,000 students in East Tennessee, this would produce a total funding amount of $6 million. If the state determined that the minimum local tax rate at 200 mills raised $2 million in local property taxes, the state would provide a grant equal to the difference between $2 million and $6 million or $4 million. If applying the 200-mill minimum tax rate in a wealthier district with the same number of students raised $5 million, the state would provide only $1 million in state funds. Both districts would end up with the same local tax rate and the same combined state and local funding per student; although, the relative weight of the two sources was significantly different. Some states gave school districts the discretion to raise their local tax rates above the minimum level but with no further matching funds from the state (Verstegen, 2002).

According to Verstegen (2002), the foundation plan incorporated the two aspects of power equalization and flat grant schemes and designed this approach to mitigate disparities in local wealth and it took the idea of equality a step further. Both opportunity and outcome were now determined in varying degrees by the state. Foundation plans were based on the idea that local school districts should not enjoy unlimited discretion in setting funding levels that were unacceptably different from statewide norms either in being too low or in some cases, too high (Verstegen).

Full State Funding

As related by Verstegen (2002), the full state-funding plan was an unusual funding scheme that was rarely used but was a simple approach to paying for public education wherein the state paid for everything. Hawaii combined full state funding with a single, unified school district effectively eliminating any distinctions between “state” and “local” governance in

determining education-funding policy. Local education agencies had no control over funding levels.

The four categories as described by Verstegen (2002) represent only the basic structures of states' education funding plans. Most states have schemes that combine elements of some or all of these funding plans. A state might distribute some money through a flat grant and the remainder through a foundation plan. Alternatively, a state could give districts the discretion to raise tax rates and funding up to a point above the minimum levels established under the foundation plan but use a power equalization formula to ensure that districts with different levels of local property wealth have the same capacity to raise additional funding (Verstegen).

According to Verstegen (2002), most education reformers today have focused on the consideration of different funding structures that affect those policies on producing equity among students in their levels of funding. Some legislators viewed education finance reform as a way to provide equity among taxpayers in levels of property tax burden. Verstegen added that the challenge of balancing fairness for students and fairness for taxpayers was often a significant contributor to the complexity of education funding schemes.

Summary

A group called Tennessee School Systems for Equity (TSSE) was formed in 1986 by three school superintendents and as the idea grew, many other school systems became interested as well. In 1988, the original TSSE lawsuit was filed charging that Tennessee was not equally funding school systems in the state. Ultimately, 77 school systems joined in the suit under this group. The lawsuit brought a historic landmark decision in 1992 by finding that the assertion by TSSE was correct. The outcome of this decision was the founding of the BEP that would become the funding formula for kindergarten- through 12th-grade education. The state phased in this new education funding formula over five years reaching full-formula funding in the 1997-

1998 school year. As a result, school systems in Tennessee have shared more than $1 billion annually over the last 10 years.

I determined it was important to focus on those individuals who had been directly involved in Tennessee's small schools lawsuit in order to record their perceptions in determining the process of adequacy and equity in funding education for the state of Tennessee. Specifically, I wanted to ascertain what selected leaders of school systems, legislators, and stakeholders in Tennessee perceived to be the current problems associated with funding of the Basic Education Program. Therefore, a qualitative study was conducted using interview questions to gather data. I interviewed superintendents of these various small school systems across the state, one member of the Tennessee state legislature, and the most recent past Tennessee commissioner of education. All of these leaders played major roles in the decision-making process related to the small schools lawsuit; therefore, it was important to gather their opinions and evaluate the factors that influenced their decisions concerning the important and hotly debated issues of adequacy and equity in school funding. Chapter 3 presents the methodology of the study, the participants, a description of the data analysis procedures, and describes procedures for verifying credibility and trustworthiness of the study's results.

CHAPTER 3

RESEARCH METHODOLOGY

This chapter provides a description of the design and methods that were used to conduct an investigation into the equity and adequacy related to the budget crisis of kindergarten- through 12th-grade public education in the state of Tennessee when compared to other states. In addition to interviewing certain Tennessee leaders, I reviewed financing methods of other states that faced similar education financing problems. There have been constitutional questions ruled on in various court cases by state and federal supreme courts that have had an impact on students' fair and equal opportunities to education that serve as a model for other states.

Research Design

Selection of a Research Paradigm

In their book, *Naturalistic Inquiry*, Lincoln and Guba (1985) put forth five questions to be answered when examining a research question from a perspective of qualitative research. The qualitative researcher must first determine if the research question has multiple realities. In evaluating equity and adequacy in the budget crisis of kindergarten- through 12th-grade public education in Tennessee from a naturalistic paradigm, gathering various individuals' perspectives on this topic became important. This topic was investigated from the perspective of the various school directors, administrators, and the state legislative body as they are the ones charged with the responsibility of making sure that all students in public education in Tennessee have a fair and equal opportunity to an education. In addition, another major figure in the Tennessee small schools lawsuit the former state commissioner of education participated in the interviews.

The second question to be considered according to Lincoln and Guba (1985) is how likely is the researcher to interact with the topic to be studied. Tennessee School Systems for

Equity is a common topic among teachers, administrators, and directors across the state of Tennessee; this provided me, as the researcher, many opportunities to interact in interviews about the topic particularly with the directors of schools who have struggled with the issues of equity and adequacy in our public schools today.

Thirdly, Lincoln and Guba (1985) asserted that the naturalistic researcher must consider how the context of the study affects the research question. Will the data collected be like data from other studies about the topic or will the context of the study reveal different and unique perspectives concerning the research? No specific research indigenous to the state of Tennessee has been found concerning equity and adequacy. All studies I have examined from other states revealed the same results--students in smaller, disadvantaged, and under-privileged school districts were not provided the same quality education as those students in the larger districts.

The fourth area that was explored was the existing cause-and-effect relationship concerning the research topic when considering a qualitative design. Lincoln and Guba (1985) stated that a naturalistic study should have several factors that might affect the data rather than a simple cause-and-effect relationship. The supreme courts in 36 states in the past two decades have acted on school finance litigation usually alleging inequity and inadequacy in school finance practices. The South has the largest number of court cases, with eight. Approximately half of the states' finance systems were declared unconstitutional. Of the 18 states where the system was upheld by the courts, 12 cases were handed down in the 1990s with 3 in 1997 alone. Of the states where the school finance systems were ruled in violation of state constitutional provisions, 15 cases were decided in 1990 and 5 in 1997. A large number of school finance systems in the East and South have been declared unconstitutional when compared with the other regions. In the case of *Tennessee Small School Systems v. McWherter* in 1993, the state supreme court ruled that the Tennessee school finance system was unconstitutional (Chi & Jasper, 1997).

Finally, Lincoln and Guba (1985) questioned the importance of values in a qualitative study. Clearly, the topic of equity and adequacy in a state's school finance system was value

laden. The values of school directors, state legislators, and teachers who strongly supported the principles of accountability and students' performance were important in influencing the elements of this study. The values of the researcher could have affected the interview questioning and interpretations of the data.

A review of the relevant research revealed that much work has been done in at least 36 states alleging inequity and inadequacy in school finance practices. Using the five questions suggested by Lincoln and Guba (1985) for researchers considering a naturalistic research design, a study concerning equity and adequacy in school finance justified the conceptual framework for a qualitative study.

Population and Sample

Twenty participants including directors/administrators from both small and large school systems, a member of the Tennessee state legislature, and the most recent past Tennessee commissioner of education were chosen for this study. Access to school directors and administrators was possible; however, some traveling to the state capitol in Nashville was necessary. My position of serving as a court administrator for 28 years was helpful in building trust and rapport with the participants in the study.

Data Collection

Directors of schools were contacted by letter to obtain permission to conduct the study in their systems and to gain permission to contact administrators of those systems for interviews (see Appendix A). Permission forms to interview administrators were signed by both the director and administrators of the system (see Appendix B). The participants were also involved in the informed consent process as required by East Tennessee State University (see Appendix C).

An indepth interviewing technique of qualitative inquiry was used in this study (Patton, 1990). For that purpose, a general interview guide (see Appendix D) was developed to outline a list of topics that was explored during the interviews. It is understood in qualitative interviewing that the interviewee will take the questions where they lead and the interviewer will refine the interview guide as subsequent questions arise or need to be deleted. Each participant was assured that pseudonyms would be used to represent the names of the actual participants, counties, and school systems throughout the study. All interviews were audio taped and later transcribed by a professional. A field journal was kept to record notes immediately following the interviews. The audio tapes, transcriptions, and field notes from the interviews will be kept in a secure location in the office of the researcher for a period of 10 years after the completion of the study. Participants were selected based on their previous involvement in the Tennessee School Systems for Equity lawsuit and based on time served as director or administrator during that period. The interviews were continued until redundancy was achieved (Lincoln & Guba, 1985).

Data Analysis

The data collected during the interviewing process were analyzed throughout the research process. According to Glesne (1999):

> Analysis does not refer to a stage in the research process. Rather, it is a continuing process that should begin just as soon as your research begins. It follows, then, that interviewing is not simply devoted to data acquisition. It is also a time to consider relationships, salience, meanings, and explanations – analytic acts that not only lead to new questions, but also prepare you for the more concentrated period of analysis that follows the completion of data collection. (p. 84)

Following the reasoning of Glesne (1999) and others (Lincoln & Guba, 1985; Patton, 1990) concerning the organic process of data analysis, the analysis of the data was an ongoing process throughout interviewing and transcriptions of the data.

The first process in analysis is data collection. A field journal was kept with notes taken immediately following each interview. All interviews were tape recorded and transcribed

following each interview. Each interviewee was sent a transcription of his/her interview for verification in the event changes were needed. Secondly, the data were coded into units as described by Lincoln and Guba (1985) as "single pieces of information that stand by themselves" (p. 203). After the data were coded into units, they were organized into categories of similar characteristics. At that stage of analysis, the formation of theory to answer the research questions began.

Finally, the data were verified for credibility and trustworthiness. A peer debriefer was used to question the process of the study as it unfolded to help me identify possible areas of bias. An inquiry audit of the raw data (field journal, audiotapes, and transcriptions of tapes) was conducted by an unbiased and knowledgeable outside auditor. Finally, while it is acknowledged that the scope of this study was limited to directors of schools, state legislators, and school administrators in Tennessee, the phenomenon of inequity and inadequacy related to school finance is well established in nearly three fourths of the states in this country. The perceptions and the values of directors of schools, state legislators, and administrators could provide important information that links to prior information concerning the topic. The findings have been presented in a manner that will enable the reader to determine whether they are appropriate or transferable to other areas of the country.

CHAPTER 4

ANALYSIS OF DATA

The purpose of this qualitative study was to explore the state of Tennessee's budget crisis related to how little it spends on kindergarten- through 12th-grade education when compared to other states. Specifically, this study investigated the personal and professional paradigms held by school directors and administrators who were directly involved in making decisions related to funding education in the state of Tennessee. Internal factors within the school community and external factors from sources that affected the decisions of school directors were also explored.

As designed, this study involved collecting data by using open-ended interviews with 20 school directors and administrators across the state of Tennessee from both large and small school systems. Also selected to be interviewed was a member of the state legislature and Tennessee's former commissioner of education. The school directors participating in the study served in a wide range of demographically diverse schools systems. The number of students in the school systems varied widely from a small system like Spencer County's in East Tennessee with only two schools in the entire county (a kindergarten- through fifth-grade school with 500 students and a middle/high school with 600 students) to a larger system such as Grigsby County's with an enrollment of 12,000 students.

School directors and administrators who were interviewed in the study were 17 male and 3 female and all were experienced educators, with 16 out of the 20 having more than 20 years of service in the field of education. Thirteen of the school leaders reported having 30 years or more experience and only three had fewer than 20 years experience. None of the 20 directors and administrators expressed strong opinions against the small schools lawsuit; conversely, none of the directors or administrators expressed a strong opinion against the larger systems.

Table 1 presents a summary of information about the participants in this study. Pseudonyms were used to represent the names of the actual participants, counties, cities, and school systems throughout the study.

Table 1

Demographic Information Concerning Research Participants and School Systems

Name	Location	Gender	# Years as Educator	# Years as Admini-strator	# Schools in System	Enroll-ment
Andrew Michaels	Spencer County	Male	29	14	2	1,100
Dr. Lincoln Drake	Henderson County	Male	17	11	18	9,600
Amos Clay	Louisa County	Male	34	21	17	7,200
Kethen Rader	Jasper City	Female	32	12	1	650
Dr. Calvin Vance	Moyer County	Male	32	27	6	3,400
Rick Casey	Spencer County	Male	32	13	2	1,100
Randall Grooms	Harwood County	Male	37	30	12	8,700
Dr. Karen Swann	Harwood County	Female	28	21	12	8,700
Dr. Bailey Sanders	Harwood County	Female	29	16	12	8,700
Anderson Gass	Grigsby County	Male	45	45	29	12,000
Dr. Dale Jarvis	Grigsby County	Male	34	27	29	12,000
Dr. Gilbert Russell	Harwood County	Male	30	25	12	8,700
Dr. Henry Edmonds	Harwood County	Male	40	30	12	8,700
Austin Jones	Moyer County	Male	18	12	6	3,400
Jefferson Evans	Moyer County	Male	19	14	6	3,400
Dr. Walter English	Henderson County	Male	34	32	18	9,600
Jess Edwards	Eaton City	Male	39	32	7	2,600
Drew Dotson	DeVault County	Male	40	29	13	4,700
Marshall Strand	DeVault County	Male	32	26	13	4,700

Written permission from the director of schools in each system was obtained before the research participants were contacted concerning their possible interest in participating in the study. The audio-taped interviews took place in various locations in the state of Tennessee. The informed consent process was explained in detail to each participant before he or she was asked to sign consent as a voluntary participant. Participants were assured that pseudonyms would be used instead of actual names throughout the study. A copy of the Informed Consent Form was also provided to each director of the school. An indepth interview method of inquiry was used with an interview guide set of questions. According to Seidman (1998), "The interview questions most used in an indepth interview follow from what the participant has said" (p. 76). Therefore, the interview guide was used only as a tool to focus the interview while allowing each participant the opportunity to reconstruct his or her personal and professional experiences concerning school funding and budgeting.

Participants were chosen for the study in order to achieve a typical case sampling of school directors in the state of Tennessee. According to Patton (1990), the purpose of typical case sampling is to be "illustrative, not definitive" (p. 173). Additionally, Glesne (1999) stated that in order to achieve greater breadth in the research process, the researcher should "carry out one-time interviews with people and fewer observations in more situations" (p. 30). Twenty school directors and administrators across the state of Tennessee were interviewed over a three-month period during this study. Seidman (1998) stated that a criterion for concluding the interview stage of the study is when the researcher has reached sufficiency. Seidman described sufficiency as when there are "sufficient numbers to reflect the range of participants and sites that make up the population so that others outside the sample might have a chance to connect to the experiences of those in it" (pp. 47-48). The researcher, with the help of and an independent external auditor, determined the sufficiency of the number of interviews and saturation of the data. Lincoln and Guba (1985) suggested a procedure for enlisting an outsider to "audit fieldwork notes and subsequent analysis and interpretations" (p. 152). All transcriptions of the

audio-taped interviews were analyzed by the researcher; this aided in the categorization, coding, and analysis of the data.

Several themes concerning kindergarten- through 12th-grade school finance emerged from the inductive data analysis gleaned from the transcriptions. Themes identified from the analysis of the data are presented using rich descriptions of the settings, the participants, and exact quotes from the school directors and administrators' interviews. Common themes that derived from the data analysis included: the level of satisfaction with BEP funding, strengths and weaknesses of the BEP, how the BEP could be made better, academic achievement from school funding, distribution of funds in a more equitable and adequate way, teachers salaries and benefits, obligations of the state and local districts in funding kindergarten- through 12th-grade education in Tennessee, today's assessment of the BEP, and the directors and administrators' personal perspectives concerning school finance. The research participants are introduced within each section that applies to their experiences and appear repeatedly within other sections as the data analysis unfolded.

Levels of Satisfaction With BEP Funding

My first interview was conducted with Andrew Michaels, the director of schools in Spencer County, Tennessee. Mr. Michaels was an outspoken gentleman who put deliberate thought into his answers before speaking. Mr. Michaels had 29 years of experience as an educator with 14 years as school superintendent or director. The population of his small system was approximately 1,100 students. Mr. Michaels' office was located at the Spencer County Courthouse for many years and this is where I did part of the interview; however, as I was talking with him, several of the school supervisors were moving furniture and files from this office to his soon-to-be new office at the former Spencer County High School that was located approximately one fourth mile from the courthouse. He suggested that we move there to continue the interview.

Mr. Michaels' former office was located in the downtown area of Sneedville, a small historic town nestled against the Northeastern Tennessee mountains, adjacent to the state of Virginia. This county is largely occupied by a group of people known as *Melungeons* who moved into the area in the early 1700s. The Spencer County Courthouse was built in 1930, and, like most old courthouses was designed with very little growth in mind; lack of space was the reason for Mr. Michaels' relocation. His new office was located at the old Spencer County High School that was built in 1967. This building had recently undergone a complete renovation and addition process of which Mr. Michaels said, "It looks much better now than it did when the school was first built." The entrance at the new addition of the building consisted of mountain stone surrounding the doorway. It was at his new office that we continued the interview process. Mr. Michaels suggested that our interview take place at a small table in his office. He stated that he preferred not to sit behind his desk when talking to guests especially when doing an interview. He was very relaxed and open throughout the interview process. During our interview, I gathered information from him pertaining to his involvement in the beginning stages in 1987 of what ultimately became the Basic Education Program.

Beginning in 1987, several small school systems across Tennessee organized a group to discuss the constitutionality of financing education in the state. The initial members of the group that met to discuss the strategy for organizing the small schools were Wayne Qualls, Superintendent of Schools from Hickman County; Bill Emerson, Superintendent of Schools from Bell City in Crockett County; and Andrew Michaels, Superintendent of Schools from Spencer County. Spencer County, according to Mr. Michaels, paid the first $5,000 to support the efforts of the organization that subsequently became known as Tennessee Small Schools for Equity. According to Mr. Michaels, 67 other schools systems joined with the initial group to file a lawsuit on July 1, 1988. Other systems soon gave their support ending with 77 small schools across the state of Tennessee becoming a part of the lawsuit filed in the Chancery Court of Davidson County, Tennessee styled *Tennessee Small Schools v. McWherter.* After several years

of litigation and appeals, the Tennessee Supreme Court in July 1992 ruled in favor of the Tennessee Small Schools for Equity and ordered that funding be phased in over a five-year period. During the 1996-1997 school year, the Basic Education Program was fully funded. However, one component formula of the program was not funded. This component pertained to how the BEP was initially structured and it affected teachers' salaries. This issue ended up back in court and because the Tennessee Supreme Court had ruled on the previous equity issues, they agreed to bypass the lower courts and to be heard directly at the Supreme Court level.

After discussing many issues about the Basic Education Program, I asked Mr. Michaels what his perception was concerning the level of satisfaction with the BEP in funding kindergarten- through 12th-grade education in Tennessee and particularly in his Spencer County system. Mr. Michaels related his thoughts:

> It's probably tough for me to answer in black and white the way you would prefer it simply because I was around years ago when there was a Tennessee Foundation Program before the BEP came along. The Education Improvement Act in 1992, covered something like 88 sections and 45 of those 88 sections are within the BEP. Overall, the BEP itself, if you want to talk about monies that were spent for remediation, ACT scores, alternative schools--these are some areas within it that are still faltering as we speak. Nevertheless, the BEP in general as a result of the Education Improvement Act is a pretty good thing.

Mr. Michaels continued by discussing the effects of the lawsuit on surrounding counties:

> Some counties have benefited by the lawsuit that were never a part of it. For example, like Eaton County, they never did put in any money to support the lawsuit but they have certainly benefited by it greatly. They may have gotten involved later, but I don't know about that.

Harry Malone was a state legislator representing Spencer and Louisa Counties in Tennessee. Mr. Malone was the former general sessions judge and county executive from Spencer County with 21 years of experience in state and local governments. He had a background in budgeting at both the local and state levels. He was familiar with the BEP and its effects on education funding in Tennessee. I met with Mr. Malone in a very relaxed setting at a cabin on the Grinch River in Spencer County, Tennessee. I asked Mr. Malone what his

perception was of the level of satisfaction for kindergarten- through 12th-grade education funding in Tennessee. He replied:

> My perception of the BEP is very good. The person that I share an office with in Nashville is Mr. [name]. He represents one of the more affluent areas of the state, Shelby County. His perception of the BEP is totally different from mine. They feel like they are not getting the amount of funding from the state that they should be getting. They feel they are putting more money in the state coffers and they are not getting their fair share back.

Mr. Malone continued by describing funding discrepancies from the perspective of the poorer counties:

> Of course, on the flip side of that, only about 25% of the money that's earned by the residents in Spencer is actually spent in Spencer County. In Louisa County, Jasper has a Wal-Mart and has car dealerships and they only retain about 45%. In a state that relies on sales tax as the major source of revenue, when you have that much outflow of revenue in the surrounding major retail centers, we don't feel like it's fair. So basically, it boils down to the "haves" and "have-nots."

He spoke further of the discrepancy by explaining:

> Of course, I think what's happened over the years is that we're narrowing the gap but we still have a long way to go. I think in the last year I was county executive, a penny on the property tax rate in Spencer County brought in around $6,200--it's up a little more than that now, but in some counties, a penny brings in over $200,000. In Spencer County, approximately 30-35% of the people pay all property taxes; the rest are renting or in subsidized government housing.

Rick Casey, Mr. Michaels' colleague in the Spencer County system, was the curriculum and instruction supervisor for the school system. He had been an educator for 32 years with 13 years in administration. Mr. Casey's office was located at what is locally known as "The Rock Building." This building was constructed during Franklin Roosevelt's administration and built by WPA workers. Mr. Casey had a good awareness of the Basic Education Program particularly as it related to his department. When I asked what his perception was about the level of satisfaction with the BEP in funding kindergarten- through 12th-grade education, he eagerly shared:

> Well, I can't speak for the state, but I know what it has meant for Spencer County because for the first time in history, we have all our students in two new school buildings,

> which we would have never been able to do based on our property tax base without the BEP funding.

He detailed the benefits of the BEP as it pertained to Spencer County's administrators, teachers, and students:

> I don't specifically work with funding, but one of the things BEP has certainly done has been to bring teacher preparation and student evaluation to the forefront. Along with the money that comes into the county, there is accountability, not only for instructors, but administrators and certainly for children. From that standpoint, it's been a benefit to all counties in the state, and particularly small counties, like Spencer.

Dr. Walter English, the former superintendent of schools in Henderson County, Tennessee, had 34 years as an educator and 32 years in administration before retiring in the late 1990s. I met with Dr. English at his comfortable west end home in Tylersville, Tennessee. He was very interested in the topic of our discussion and contributed greatly to the study. He recalled conditions under the old foundation program before the Basic Education Program began. I asked Dr. English to share his perception of the funding for the BEP today versus what it was under the old program. He answered:

> At the time I was there, I recall that the BEP really meant a lot to schools all across Tennessee. The funding bumped up substantially. The level of instruction improved because we added quite a few staff as a result of the BEP. At the same time, Henderson County had a mall to open here with Wal-Mart and several other stores and that bumped up the local revenue quite a bit. So, all that combined together helped Henderson County tremendously.

He went on to detail some of the benefits derived from the BEP funding:

> We were able to get a technology program underway that most systems probably couldn't have afforded at that time. We actually hired a technology director during that time and hired several technicians under him to work in the schools with computers. We bought a tremendous number of computers and that really took a big leap forward for the schools. Of course, at that time they have had to work in the last few years really hard to keep those things functional because technology is new for a while. But after a while, it becomes obsolete, and you have to continue replacing it.

Dr. English said that he considered his Henderson County school system to be of average size in the state, explaining:

> You know, we are technically considered a large system in the state, but, for the most part we are what you would call an average system; we kind of sit on the bubble. We're

> a little larger than most systems, but if you talked about average, we were just kind of caught in the middle as far as size and achievement; just about everything fell in the middle of the pack for us. We gained substantially from the BEP, but I tend to think that probably all systems in the state gained some.

Dr. English then gave an interesting perspective of the local tax structure and Henderson County's ability to pay. He described how the local contribution was changed in a positive way because of the BEP formula:

> I don't know how it truly affected the bigger systems in the state, but it sure didn't hurt us; it only helped. One thing that it helped, it showed that we had more ability to pay than what was going on, so the locals bumped up the contributions more. I think that might have been the key element that really helped us--the formula changed and required more from the local tax structure.

Dr. Lincoln Drake, Henderson County's school director, had 17 years experience as an educator and 11 years as an administrator. At the time of the study, he had 18 schools in his system with an enrollment of approximately 9,600 students. Henderson County is considered to be one of the larger school systems in Tennessee. I interviewed Dr. Drake at his office in Tylersville, Tennessee. His office was located in an old school building that was also occupied by the central office staff and supervisors. Dr. Drake carefully and deliberately chose his answers to the questions that were asked. He, as did the other larger school systems' directors interviewed, considered that the BEP had been good for everyone. When I asked Dr. Drake about his perception of the level of satisfaction with BEP funding, he described some problems with the funding formula:

> I think that the BEP funding formula has served better than the old foundation program that we were originally under. However, I think there are still some major problems with the BEP. The biggest misconception , I think, is saying that the BEP is being fully funded when in actuality I do not believe that it is anywhere near the case. The BEP only recognizes a certain percentage of teachers within the school system, and I do believe that most communities feel like the state does not recognize enough to run a good quality school system.

Dr. Drake then began to discuss a recent change in the BEP funding formula; this new formula was mentioned apprehensively by several other directors in the study:

> I also know that for the 2004-2005 school year that the formula changed in regard to percentages. It went from 75/25 [state/local] to 65/35 [state/local], which is probably one of those factors that is not monumental right now for most systems and they don't realize its impact yet because the governor and legislature have put more money into education.

He expressed his concern openly and with a cautionary tone:

> However, there is going to be a time when we don't receive additional money; when the split has gone to 65/35, it's going to be very painful. It's going to be more painful than in the past. Unfortunately, Tennessee is still using the sales tax method of funding, which I think is very problematic in funding education. What happens is, it shifts the burden to the local school systems. Most school systems don't quite understand that it's that big of a deal yet. For example, we got $1.6 million in new money from the state this year. Wait until it's a year like there has been in the past when we only get $100,000 or $200,000--or when some systems, us included, don't get anything and you're trying to come up with that. It's going to be monumental.

Mr. Amos Clay, Director of Louisa County Schools, had 34 years experience as an educator with 21 years in administration. There are 17 schools in Louisa County with an enrollment of 9,600 students. Like many offices of school directors, Mr. Clay's was located in an old school building that had been renovated to suit the needs. His office was small but it was neat and well decorated. The building was located in the historical district of the second oldest town in the state, Jasper, Tennessee. Mr. Clay, a soft spoken, well dressed gentleman, greeted me kindly and asked the secretary to hold his telephone calls and instructed that he was not to be interrupted unless it was an emergency.

As we talked about school funding, I asked Mr. Clay what his perception was of the level of funding he had received for his system from the BEP. He agreed with the other participants that the program had been successful and that the additional funding had enabled his system to expand in many areas. Not only were they able to increase the department of technology and to add materials and supplies but they were also able to hire additional teachers, as he explained:

> For our school system, it has been a lifeline. We have seen so many curriculum and student opportunities that we did not have, such as art and music for elementary schools. Being able to hire new teachers to reduce class size has also been a great help to us as well as the hiring of school nurses, which we did not have before. Our whole curriculum and program has been able to expand due to BEP. Without this program, we would not have had those opportunities afforded to our students.

I was certainly happy to speak with Jasper's city school superintendent, Kethen Rader. She was one out of only three women with whom I was able to speak during the study. She provided good insight as to how the funding formula works in city schools. Mrs. Rader had 32 years of experience as an educator with 12 years in administration. Jasper, the county seat of Louisa County, has only one city school. The enrollment in this city school was approximately 650 students. Mrs. Rader, a well-dressed and outspoken woman, was very quick to say that her system was one of the best around and that she had the best teachers that could be found in any school system. Jasper City School is located in the historic area of downtown Jasper with the old building dating back to 1928. The new addition, adjacent to the old building, was constructed to complement the historical district with plenty of light from the outside and the landscaping was beautiful and well kept. I was impressed with the entire school, its structure and surroundings, and most of all with Mrs. Rader's leadership. I asked her what the BEP had done for the city system and if the expected level of funding had been made available to her school. Mrs. Rader conveyed:

> Well, the BEP has been good for us, always keeping in mind that we are a one-school district. That, by virtue of size, sets us apart. When the BEP began which is the year I took this job in 1992, as the funding came in, it was new and beneficial to us and has made us more stable financially.

I spoke with Mr. Jess Edwards, assistant superintendent of schools of the Eaton City school system in Eaton, Tennessee. Mr. Edwards was a 39-year veteran educator with 32 years in administration. Mr. Edwards had seven schools in his system with an enrollment of 2,600 students. I spoke with Mr. Edwards at the main campus of Walters State Community College in Morristown, Tennessee where he was attending a meeting. I explained to him what my research study was about and he told me that he was happy to be a part of it. I asked him what his perception was of the level of satisfaction of funding kindergarten- through 12th-grade education in Tennessee, and he expressed his thoughts by stating:

> Let me say that I cannot speak for across the state, but I can speak for the Eaton City Schools. We really believe the BEP has been very beneficial to the Eaton City Schools.

> Of course, there is never enough money for education it seems like, but without the BEP, I don't know where some of the school systems around us in Tennessee would be today. But we are pretty well satisfied with it in Eaton.

Mr. Austin Jones was the technology coordinator for the school system in Moyer County, Tennessee. Mr. Jones had been an educator for 18 years with 18 years in administration. He had six schools in his system with an enrollment of 3,400 students. I met with Mr. Jones at his office located in Moyersville, Tennessee. Mr. Jones is a friend of mine; we shared two years together in the same doctoral cohort program. He has been a tremendous asset to the Moyer County School System. Mr. Jones had worked closely with Dr. Calvin Vance, who was the current director of schools in Moyer County and the former Tennessee commissioner of education. I was happy that Mr. Jones was able to be a part of the study. He had a vast knowledge in technology and fully understood what the Basic Education Program has done for Tennessee and Moyer County. I asked Mr. Jones for his perception of the level of satisfaction for funding kindergarten- through 12th-grade education in Tennessee and to describe what the BEP had done for his system. He expounded:

> In [County], we are pleased with the BEP. It has made a world of difference in terms of funding because prior to implementation of the BEP, we lacked funding compared to some of the districts with a larger tax base. That's something that not only [County], but also [County] and some other rural counties went through.

He began to discuss the level of satisfaction with BEP funding pertaining to class sizes and pupil-teacher ratios by describing conditions prior to the BEP:

> I recall, when I came on board here 12 years ago, our pupil-teacher ratio then was in the mid to upper 20's and now it is under 20 for the district, which is great. It makes a world of difference in the classroom when you have an average of 18 instead of an average of 27. Another thing is funding; at that time, a big part of the overloaded classes was because we could not afford more teachers. We had the number of teachers that the state recommended and that was it. Now we actually have more teachers employed here than what the state calls for and the reason for that is, again, tied the BEP. So, in terms of satisfaction, I'd say we are well satisfied compared to how we were a few years ago.

Mr. Jones then changed the subject to salary equity for teachers throughout the state:

> Now, with that said, we still have a level of dissatisfaction pertaining to salary equity and that's something I feel like I need to speak about because there's a great deal of

> difference in salaries of these rural districts compared to some of the wealthier districts across the state, those with a heavy tax base. That something that's addressed; it's mentioned here every year, every time we start working on the budget, and when we start looking at teachers' salaries, that is a topic that comes up. I think that's probably the number one topic that's mentioned now pertaining to the BEP.

He concluded in a positive tone:

> With the BEP, as far as having dollars to spend in the classroom, we have money to spend in the classroom now that we did not have years ago. For example, now we go ahead and give every principal--in addition to taking care of expenses--we give every principal $10 per student. So, in a school that has 800 students, we give them $8,000 to go ahead and spend on any instructional thing they want throughout the year. In addition to that, we have a set aside for lab supplies. We just lack the tax base here to be able to provide a great deal locally so that we can provide a salary comparable to other school districts.

Dr. Calvin Vance, director of schools in Moyer County and a former Tennessee commissioner of education, was able to supply an enormous amount of information for this study. Dr. Vance had 32 years of experience as an educator and 27 years as an administrator. Moyer County had six schools in its system with an enrollment of 3,400 students. Moyer County is one of the smaller systems in the state and is located adjacent to and south of Spencer County in upper East Tennessee. Because of his involvement in many areas of education and state government, Dr. Vance had a vast working knowledge of the BEP particularly as it pertained to funding. I asked him to give his perception of the level of satisfaction in funding kindergarten-through 12th-grade education in the state. In explaining his answer, he went beyond the level of funding to discuss many divisions of the BEP. He acknowledged:

> The BEP has done so much it's hard to even begin to say all the things. The BEP was actually passed in 1992--we had a real bad year in 1992 with funding in Tennessee and then they starting changing that--1995 was the first year we started seeing results from the funding mechanism of BEP It made a tremendous difference in rural schools as far as funding is concerned. Teachers' pay has been a problem to deal with because of the way it was established in the BEP formula. That has been changed some recently; but, as far as being able to supply materials for teachers and giving school systems money for construction and other things, it's made a tremendous difference for us and particularly for rural school systems and poor systems like in Moyer County.

Dr. Vance then began to discuss a new change in the funding formula beginning with the 2004-2005 school year. This change as to the division of the share of expenses between state and local

governments regarding teachers' salaries appeared to be a concern for most of the participants in the study. Dr. Vance admitted:

> I will say though, there is one component that has changed in the past year relative to funding teacher's salaries--from 75/25 to 65/35. Being from Moyer County, our factor here is about 92% state and 8% local as far as that fee performance is concerned. It's higher than that overall. That's going to change us about 4% either way. Instead of getting 92%, it's going to drop down to 88% and instead of us putting in 8%, we're going to put in close to 12%. It's going to cost us some money.

I then asked Dr. Vance about capital improvements and the building program for new schools. He described how funds from the BEP had contributed to those improvements:

> We've had tremendous help from the BEP's funding in renovations of our old buildings. In the past two years, we've done over $3 million in improvements on our buildings. We're finishing a project now that cost us $1.4 million. In the previous year, we spent almost $2 million in some of the other schools with the Americans with Disability Act regulations. That's all being done in this county without a tax increase locally. It's mainly been done with BEP funds.

Mr. Marshall Strand, principal of DeVault County High School, had 32 years as an educator with 26 years in administration. Mr. Strand was assistant commissioner of education during the Sundquist administration at the same time Dr. Calvin Vance was education commissioner. I met with Mr. Strand at his office in the new DeVault County High School.

Mr. Strand's experience as an educator and with state government qualified him as a valuable and key participant in the study. I began the interview by asking Mr. Strand to share his perception of the level of satisfaction of funding kindergarten- through 12th-grade education in Tennessee. He stated, "I feel very good about what it has done for rural systems but the metropolitan systems are not too happy with the BEP. But, I feel good about it; I think it brought money into education that was not there before."

Mr. Randall Grooms, who was the director of schools in Harwood County and an experienced educator, had 37 years in education with 30 years in administration. His system consisted of 12 schools with an enrollment of 8,700 students. Mr. Grooms' office was in an old elementary-school building that was constructed in 1939. It became a place of consolidation and modernization in the early 1970s; however, it was still a well-maintained building located in

the downtown historical district of Jonesborough, the oldest town in Tennessee and the county seat of Harwood County. The building also housed the central office staff and supervisors. Mr. Grooms was very knowledgeable about the BEP and he made the interviewing process a relaxing experience. I asked Mr. Grooms about his perception of the level of satisfaction of funding kindergarten- through 12th-grade BEP in Tennessee. He began his answer by relating conditions in his county prior to the BEP:

> Well, in 1991-1992, before the BEP came into being, that particular year, they cut $1,000,000 off Harwood County Schools. A lot of the systems threatened to cut off transportation--they were going to cut out this and that. Some did cut out transportation for a time, and they just cut off their noses to spite their faces. We did not take that approach; we cut nine assistant principals' slots through attrition and we loaded up classes, had split classes. We didn't buy textbooks that year, but we made it through.

He contrasted those meager conditions by describing life after the BEP, adding, "Thank goodness, the BEP came through the next year. We got our $1,000,000 back; plus, we got additional monies." In spite of the noted improvement with BEP funding, Mr. Grooms continued with a somewhat more negative perspective, saying:

> Some of the legislators thought it was going to be from now to forevermore and common sense will tell you that it will last for awhile, but it won't last forever. It kind of played out after a while and it still hasn't improved a great lot. The tax base that we have in the state is just not going to allow the state's education program to excel or to be anywhere except toward the bottom of the list because the funding is just not to be there.

Despite his predictions, Mr. Grooms did take time to convey his thoughts about how the tax system could be improved:

> There are several ways the state could go about improving the tax system though. There have been numerous proposals but it's not likely that a state income tax is going to pass as of right now unless there is extreme pressure put on the legislators to do something. Whether there could be a state property tax, whether there could be an additional tax placed on vehicles, the state has the taxing authority that they could come up with additional money. We need some additional taxing methods to bring in additional revenue.

Mr. Grooms said he ruled out a measure of increasing the rate of sales taxes to solve the funding dilemma. He explained:

> We have absolutely topped out on sales tax. I mean they can't go anymore on it. It's approaching 10% in most places. At one time you could deduct that off your income tax, you no longer can do that. Those states that do have a state income tax, it does come off the federal income tax return. By no means am I pushing a state income tax, but something has to be done if we continue an education system in this state.

Dr. Karen Swann and Dr. Bailey Sanders were Mr. Grooms' colleagues in the Harwood County system. Each had 28 and 29 years in education respectively with Dr. Swann having 21 years in administration and Dr. Sanders having 16 years. Dr. Swann was the assistant director and supervisor of curriculum and materials; her position gave her insight as to what the BEP had done for her program. Dr. Sanders was the assistant director and special needs student's supervisor for Harwood County. She was very outspoken about the level of BEP funding for her department and said she staunchly protected the resources that were available. Both of these participants were striking, well-dressed women and they greeted me warmly prior to their joint interview. The atmosphere was easy throughout the interview and both participants spoke passionately about their positions.

I asked Dr. Swann first to explain the funding that was available before the Basic Education Program, and then to contrast that with what had been made available since the BEP's funding for her system. She eagerly complied, saying:

> I was a principal at a K-eight school for 18 years before I came to this assistant director's position three years ago. One of the major areas of the BEP that helped us was the reduction of class size. As far as that respect, there is research that says class size doesn't matter; it is only teachers' impact on children's learning; but, there is other research that says lowered teacher-student ratios impact learning as much as other aspects. I can remember when the BEP came to be--but one of the problems with BEP was funding. The BEP had good ideas and good mandates; but, mandates without funding are a problem. This system does not have a very high tax rate and I don't know why other than the county commission, for whatever reasons doesn't want to raise them. Our county commissioners are very proud of the fact they have a very low property tax rate. We are a county that has the ability to pay; but, the willingness to pay is not there. So, the bottom line, I know local funding is a problem but what the BEP has really helped us with is the reduction of class size.

Dr. Sanders, so passionate about her job with the 1,200 special needs students in her system and the extra resources made available to her through the BEP and federally mandated

programs, said she was happy to explain further what could be done if more money were available. She stated passionately:

> For years, there was talk in special ed about class size reduction, but numbers were never mandated. For the first time, we now have mandated numbers. They are the same as BEP, but at least there are numbers there. Before, even though the regular class sizes were larger prior to the BEP, special ed really had nothing but "recommended." There were no set class sizes. It would be nice to see special ed classes smaller than the regular program. It's hard to have 20 special ed children the same as a regular classroom. There is still inadequacy there, but we're on the road to maybe getting some. Once we get that, we are going to have to find some more special ed teachers. They're getting impossible to find now. When we look at the *No Child Left Behind* program, nobody has yet decided what the definition of highly qualified is for special ed.

Two other key people in the Harwood County system were Dr. Gilbert Russell and Dr. Henry Edmonds. Dr. Russell had served 25 years as an administrator and Dr. Edmonds had 30 years in administration. It should be noted that Dr. Edmonds was the assistant director of schools and had for many years been involved in the preparation of the budget for Harwood County Schools. In addition, he had been involved in the lobbying process for school funding with the state legislature in Nashville. Because of his expertise in school funding, he was very knowledgeable about the Basic Education Program.

Dr. Russell was the supervisor of secondary school instruction and personnel director in the Harwood County system and was knowledgeable about what the BEP funding had done for his system. He shared details:

> We've gained a lot of funding and pupil-teacher ratio in both elementary and high school programs throughout Harwood County and the state of Tennessee. So, it has created at least a good pupil-teacher ratio in our system. I think it has helped a lot of small systems in getting their teachers' salaries and funding to a level that it needs to be. It has helped us out in that we are getting new teachers. Some of the smaller classes have demanded that we hire new teachers. We have built within the last two years, two new schools, renovated all the schools in Harwood County, and added on additional classrooms in at least three or four of those that were renovated. So, I guess we have benefited pretty well when you think about it.

Dr. Edmonds gave an overview of the funding that had been made available through the BEP for Harwood County and shared his perception for the level of satisfaction of funding

kindergarten- through 12th-grade education in Tennessee. He first stated his overall view of the BEP:

> I think that statewide, the BEP has been one of the best things that's happened in education for the state of Tennessee. There's problems based on funding levels being different for different counties; but, differences in funding is a fact of life and you can't fault BEP for the fact that [County] has a low tax base and [County] has a high one. The BEP has been able to pump additional revenue into schools in Tennessee better than any of the previous programs that I've worked with in the past 30 years.

Dr. Edmonds then contrasted his more affluent Harwood County with Spencer County, a county that is in the lower economic tier of the state. He described the effects of these economic differences in terms of resources:

> Harwood County is 8th in the state by way of population; Spencer County is in the bottom 10, I think it's maybe 93rd out of the 95 counties in the state. Harwood County is in the top 5% to 10%. Obviously, the BEP formula is set up to help those systems that can't help themselves. Therefore, systems that have greater needs like Spencer County benefit more than systems like Harwood County as far as money goes. But, the thing it does, is it equalizes educational funding for the children of Tennessee. So, the child in Spencer County, no matter what the tax base is, has the same opportunity for an adequate education as the child in Harwood County, even though we may have to come up with more locally to do it because we have the resources and the ability to do that. That's the best thing about the BEP, it makes a level playing field for the children of Tennessee.

As did another participant from Harwood County, Dr. Edmonds also mentioned that the Harwood County commissioners were proud of the fact they had a very low property tax rate. He shared his experiences:

> I've worked in school finance since 1976, and I've met with the county commissioners practically every year to help with the budget and to ask for money; and, Harwood County has never been too generous as far as educational funding. We pride ourselves with the lowest tax rate in East Tennessee, and one of the lowest in the state. Even though we have the ability to pay, and we have the sales tax base and that kind of thing, we choose not to pay in a lot of cases. Now, in the past two weeks, our commissioners have met and we've spent all summer trying to educate the folks in the county commission and the people in Harwood County that the state's new educational funding plan to raise salaries for all teachers in Tennessee has changed our formula and raised the local contribution from about 30% to 40%. And in a $40 million budget, you're talking serious money there.

He explained a recent, but rare, decision by the county commissioners to generate a small increase in funding education:

> About two weeks ago, they gave us 15 cents on the tax rate. This is the first time in 50 years that they have made that kind of contribution to the school system in one year. So, obviously, they do understand that the playing field has changed and that they're going to have to step up and do a little better--at least they proved it this time. The additional revenue will bring in locally over $2 million.

Dr. Edmonds also brought up the new funding formula pertaining to teachers' salaries and shared his thoughts about the equity aspects of the change:

> We were able to educate them to some degree about the changes in the BEP because of the salaries; it's the second part of the lawsuit, this salary inequity and this is where we've got to pay 10% more for the basic cost of our teachers. This formula was 70/30, now it's 60/40. Spencer County is like 92/8, or maybe less. I see nothing wrong with that; in my view that's a fair distribution of money because this is a wealthy county. When you're the 8th wealthiest in the state and you're looking at Memphis, Nashville, Williamson, and places that have serious money and a serious tax base, then Harwood County is pretty fortunate. A penny property tax raise in Harwood County brings in approximately $200,000. In Spencer County, it brings in approximately $6,800. Now, that, in itself justifies the BEP and it justifies the lawsuit that was filed on behalf of children in Tennessee.

Several participants spoke in a very matter-of-fact manner about what the BEP had done for their systems; one in particular was Dr. John B. Jarvis, assistant director with the Grigsby County school system. Dr. Jarvis had 34 years of experience in the field of education with 27 years in administration. He was last year's "Superintendent of the Year." When we spoke, Dr. Jarvis was in the process of retiring from the Grigsby County system and had plans to teach at a university in East Tennessee. Grigsby County will surely miss his expertise in their system. He had a great wealth of knowledge of the BEP, particularly about the funding components of the program. His statements and comments were strong and precise as he discussed his thoughts on the distribution of BEP funds:

> The concept of the BEP is solid; that is, the child's level of education shouldn't be dependent on where that child's parents choose to live. The biggest flaw with the BEP is through some Robin Hood effects of it. You have a pot of money and it is going to be distributed in a certain way. Not necessarily based on need, but based on formulas. So, the only way for me to get any money in this system is for you to lose money in Spencer County. Or, if you get money, that means less money for us. We would have gotten a lot more funds with the same amount of money under the old minimum foundation program, which preceded the BEP than we do under today's BEP.

He pointed out that sometimes the wealthiest areas were not necessarily the ones to get more funding under BEP. He explained:

> If you went around the state and asked every superintendent if they liked BEP, it would depend on how it affected them. For example, Spencer County got a ton of new money. Even this year with salaries in the equation, I'm sure they got a ton of new money. Whereas, Riverdale, Grigsby County, and Gordonsville are going to get less because we are wealthier. One of the biggest flaws with the BEP concept is something that I have tried to get legislators to take a look at--it's based on the number of students, membership, plus your wealth. They call that number of different names, but it's your wealth. The fact that you're wealthy doesn't help you at all unless your local funding body appropriates that money, that local match. And, there's nothing mandated that they do so. So, we're the fifth wealthiest county in the state and I think Spencer County is the poorest one. It doesn't matter that you have wealth unless the local body appropriates adequate funds.

Distribution of BEP Funds: Adequacy and Equity

As revealed in the interviews with several directors in the study, adequacy and equity remain a strong issue in funding education in Tennessee. I asked Spencer County's director of schools, Andrew Michaels, for his opinion as to a way to fund kindergarten- through 12th-grade education across the state in a more equitable and adequate way. He chose to speak of teachers' salaries as he revealed:

> You probably have two choices. Number one, you can take a Spencer County, which is among the lowest in the state and you can take an Oak Ridge or Grigsby County. There's a $13,000 starting diversity and $13,000 for just being 60 miles apart is a bit much. I don't think we can ever set up anything that will make it 100% equitable, but I think we can come down and say we need to keep this within 30% or something like that. To say it will ever be equal based on dollars, based on sales tax, property tax, or the economy in the community. If a community chooses to pay more and has the ability, we can't restrict them. But those state dollars are going to have to equalize it, and I think we should say it can never go past 33% or something like that. TSSE wouldn't want me to say that, but that's facts. The second solution is to make all teachers state employees.

Mr. Amos Clay, director of Louisa County schools, said he thought the state would never have true equity in kindergarten- through 12th-grade education. He first shared his philosophy of education, explaining:

> My philosophy is that if we truly believe in education and the American dream, every child regardless of where he or she lives should have an equal opportunity. Do I believe every student in Tennessee has an opportunity? No, it is difficult. I do think Tennessee is on the right road and we recognize the problem and are attempting to solve the problem. I don't know if we can ever have true equity.

He went on to speak of the wide discrepancies in teachers' salaries between the "have" and the "have-not" counties:

> We're one of the "have nots", but, I think a teacher in Mountain City and Johnson County should not be paid less than a teacher in Riverdale City, Knox County, or Nashville. The state should look at a statewide scale for personnel. Will it happen in my lifetime? Probably not. The "have" systems are not willing to give it up; they are competitive, they can attract the best and the public's perception is they are better because they have modern schools and the flashes and lights and these things that we're not able to have. Our teachers and staff are as dedicated and hard working, and our students perform as well. You have to consider socioeconomic levels. In our system, 53% of our student body comes from homes with free and reduced lunch. Well, typically you would think the parents are under educated and may have an under appreciation for education. So, the students are not coming to us, maybe, as prepared.

I asked Dr. Lincoln Drake, director of Henderson County schools, for his opinion of how school funding could be distributed in a more equitable and adequate way. He answered by stating that "We need to take the time to listen to the needs of the community," and went on to explain further:

> To improve and make the program work, we must listen to the needs of each community. I think the state needs to listen to what the local needs are. And, I do believe that the state is doing a better job at that. I think that's through the BEP Task Force and the review committee that are listening. I feel better about where we're going right now than I did four or five years ago.

When I asked Mrs. Rader what she thought about how the BEP funds could be distributed in a more equitable and adequate way, she mentioned an interesting proposal, that of incentive pay for teachers, explaining:

> I think that incentive pay for personnel should be explored. I think that having salaries in the BEP is a good thing. Now, if I understand where we're going with pay scale, it's my understanding that heretofore, when the state gives a raise, it'll go into your BEP and if the local chooses, they can disburse that any way they want to. So, if there were a 2% state raise, whatever Jasper city generates for that would come into my BEP, but nobody in Nashville is saying you have to give it the way it's always been given.

She viewed giving more autonomy to the local government as a good move, adding:

> Therefore, the local, if they have a plan, could move toward incentive pay. I think that's a good thing in the BEP that they're giving more autonomy to the locals. Whether they choose to use it or not, that was a big difference I saw between the TFP and the BEP--when it comes in a big pot and you just have guidelines for the pot, but it doesn't say "Okay, you can pay $500 for this."

She related further details concerning the differences between the TFP and the BEP:

> At one time, I was called the student achievement director. I did guidance and counseling and state testing. I was paid out of 47 different pots to meet my job description. Now with the BEP, that isn't true. You get the money in the local pot and the locals get to make the decisions—as long as it's classroom and non-classroom. I feel that with the salary component, we may be moving more like that--giving not just fiscal responsibility to the locals but also giving autonomy on how they want to spend it.

When I asked Dr. Russell to give his opinion as to how we could fund kindergarten-through 12th-grade education in a more equitable and adequate way, he shared an interesting concept of giving school personnel more "say-so" in spending. He explained his viewpoint:

> If we leave it to county commissions and the funding agents there, I'm afraid we're going to keep what we've got. Somehow, we need to be able to allow school personnel to have more of a means of controlling those funds that are needed for education. When you've one entity controlling the purse strings, and another waiting for it to come, you're going to run into difficulties.

Dr. Vance, from small Moyer County, was very strong and straightforward in sharing his opinion on distributing BEP funds in a more equitable and adequate way. He began with the "heart of the matter," sales tax, by expounding:

> The key is sales tax. It has always been, and until they change it, it will always be that way. When you go to Henderson County, for example to Wal-Mart, and see that over 50% of the cars are from out of county, the sales tax--half of that comes back to Henderson County. I've fussed about that, and I'll continue to fuss about that until it's changed.

He passionately detailed the frustration and unfairness of living in a county without many retail establishments in which to purchase items. This condition forces residents to go into a neighboring county to spend money and creates a vicious cycle whereby even though the sales taxes are paid by one county's residents, the proceeds return to the county where the businesses

are located. Dr. Vance did an outstanding job in explaining this dilemma as it applied to his own county:

> You can't buy a car in Moyer County, except a Ford or Chevrolet. There's not a chain store in Moyer County--we've got an IGA. There's not a place in Moyer County a man can buy a suit or where you can buy a good pair of shoes. We've got to go someplace else and the tax money goes back to where it's spent. That has to be changed in order for rural counties like Moyer, Spencer, and some of the rest to be on equal terms with those larger counties. That's why we talked about it during the lawsuit several years ago: Do you have a Wal-Mart in this county? If you don't have one, you're losing out on a big chunk of change on sales tax. That's been the biggest complaint I've had for a long time.

He continued by saying:

> I think in rural counties we've got to keep fussing about that. We've got to keep that on the front burner. It's got to be changed where it's equalized; where it's a certain percentage of taxes that's sent back to the schools the same way it is with BEP. It ought to be based on the ability of that county. If the average salary of people in Moyer County, is $10,000 and it's $40,000 two counties down, there ain't no way that's equal education.

He then summed up the overall unfairness of this practice especially as to how it affected the children across the state:

> I didn't choose who my parents were, I didn't choose where I was born; if I was born up in the holler somewhere, that's fine and dandy, but I didn't choose to be born there. You can't tell me that child has the same chance as some child born on Main Street U.S.A. with all the benefits in the world today. That's where education is today. That's where education is so unfair. We've got to change that and we've done a lot with BEP. I think the small schools lawsuit was the greatest thing that happened with education in the state.

I asked Dr. Jarvis to give his judgment on the best way to distribute school funds in a more equitable and adequate way. He focused more on the adequacy issue in his answer:

> If you look at the average Tennessee local funding body what it puts into k-12, we're about average for the nation. But if you look at the state, we're like 47th out of 50 states in per-pupil funding. So, the problem is at the state level, and the biggest problem is not equity, it is adequacy, and I think at some point that issue will be raised. The coalition has an outside research firm to begin a study on it so we will have data to give the legislature and governor. They kind of backed off it last year because the governor asked them to. He wanted to settle this; but now they are coming back together and I think you will see more on this adequacy issue.

Mr. Malone was a state legislator representing both Spencer and Louisa Counties. I asked him for his perception on the best way to fund kindergarten- through 12th-grade education

in a more equitable and adequate way. He talked about the same issue on which Dr. Vance focused—that of sales tax distribution, elaborating:

> Well, we've talked about the use of sales tax as our primary source of revenue for funding education, and now retail stores are using your zip codes in an attempt to track the money. Right now, residents of Spencer County go to Wal-Mart in Tylersville and those tax dollars spent there does not help Spencer County whatsoever. So, there's been more discussion in tracking the sales tax dollars in all retail businesses.

Mr. Malone brought up another issue that he said has been under discussion, that is, of making teachers state employees. He relayed the following:

> There has been discussion at the state level of making teachers state employees and using the consumer price index to pay the teachers. There's no way a teacher in Spencer County should be paid the same as a teacher in Davidson County and I don't think anyone would argue with the fact that they should be. But still, there is a large disparity in what teachers are paid in the various geographic regions in the state

Mr. Edwards, with Eaton City Schools, began in a somewhat defeatist manner to answer the question of equitable and adequate distribution of funds. He wistfully stated:

> Well, it doesn't matter what you say on this one, you're going to be a loser because, the bottom line is, higher education is wanting more and more money all the time and k-12 is wanting more all the time.

However, he continued in a more positive tone by giving suggestions on "filling in the gaps." He added:

> I think we need to look at the programs where we can and kind of fill in the gaps. When we're talking about *No Child Left Behind*, if we can fill in those gaps, if we can see that we need a preschool program, then we can spend more money on preschool programs. If we see we need more money in vocational education, spend more there, or in higher education, spend it there. But look and see where the gaps are in this seamless movement from pre-kindergarten through college. Instead of just throwing millions of dollars into one area or another, lets look at the programs and see what is beneficial and hold some of these programs accountable.

He then gave his opinion on the accountability issue, stating:

> When we talk about accountability, I think we're talking about a two-edged sword here. The teachers have to be held accountable; but, I don't think the only thing we can hold them accountable for is test scores. We've got to look more across the whole gambit of education and look in terms of some kind of rubrics where we will have some kind of indicators where we will give evaluations of what teachers are actually doing in the classroom.

He gave details of the unique practice in the Eaton City school system of conducting teachers' evaluations on an annual basis. He also explained the details of his system's tenure process by noting:

> One of things that we are doing, we have a tremendous amount of staff development that we're trying to do with our teachers. We evaluate our teachers every year; everybody gets an evaluation every year. This is unheard of, because most of the time a teacher who wants to achieve tenure is only subject to two evaluations in 10 years to renew their license. We're getting very selective on the tenure process. We go through a formalized tenure process where teachers have to come in and they spend their first three years, of course, before they get their tenure; but, they spend their first three years under a mentorship of two experienced teachers who work with them. They have to do a portfolio; they have to do an example of their teaching; they have to have a favorable evaluation from the principal; and this has to be put in a portfolio and examined by the board of education before they are given tenure in our system. So, we already feel like we are going over and above accountability. We do this every year with 250 teachers in our system.

I asked Dr. Edmonds from Harwood County how he thought that kindergarten- through 12th-grade school funds could be distributed in a more equitable and adequate way. His immediate answer was, "I'm not convinced that it could be." However, later he made suggestions as to how the state legislature could help by imposing mandates on county commissioners in wealthy counties, elaborating:

> I really think the BEP has had a lot of time and effort put into it with bright minds doing it. They did a really good job developing the formula. Now, the weakness is that it assumes that counties that have the economic tax base will do what they ought to do; not like Harwood County and others who choose not to put up the money. That's not fair to the children. If the state could, if the state legislature would mandate that the local county commission in each county where there is a local constitution, whatever it is, that the county commission should have to come up with at least that much. For example, in Harwood County, they would have to come up with the 40% that the state says you are suppose to come up with.

Perceptions of Success of the BEP

Mr. Michaels from Spencer County was very proud of the gains and achievements his system had made since the beginning of the Basic Education Program. When I asked him to

describe how well the program was working or not working at the state and local level, he pointed out:

> The BEP is working from the standpoint that it has provisions within it to better equalize dollars amongst systems. Under the old Tennessee Foundation Program (TFP), there was simply a funding formula. The BEP has something like 42 different mechanisms within it to redistribute and allocate dollars amongst systems, amongst children across the state. That's much better than what it was. If you want to take BEP today versus TFP in 1992, I think you're looking at $1.1 billion over a 10-year period. A lot of money goes in there. I guess, with me, one of the biggest areas where it's failed is within salary equity. Unless they come up with something in terms of state, across the board. . . . that's a tough one to address.

Mr. Michaels was one of three initial superintendents across the state whose group ultimately filed a successful lawsuit against the state over equal funding for education. He continued by sharing his thoughts on equalization of salaries and benefits, saying:

> True equalization is probably an unattainable factor. We'll have to come up with some type of equal disbursement or a set level of acceptable diversity. That's just the way it is—funding, in terms of salaries and benefits. When I started my career 30 years ago, we didn't worry about benefits. Today, with the escalating costs of everything, people work to pay their bills, and they are going to work wherever they can get the best salary and where they can get the best benefits. If you come to Spencer County, as we speak, there are absolutely no benefits for teachers. So, as to equity, there are some problems within the BEP itself.

He then described a problem with funding being "a year behind" the time when dollars are actually needed. He explained the problems that this method of funding can create for school systems:

> Let's look at this way, say we have 20 children in K-3 or 5-6. Those are addressed, but they're a year behind the time. If you don't have dollars on hand to take care of them, you've got to have the money to take care of that this year. They will go ahead and fund that next year for you. You're a year behind. That's the way it's based. If you have ESL, they have a funding formula in there to help you address that, but it works on the same principal. There are some other funding problems. The stability provision says that, based on numbers that I can't get any less money than I got the year before.

Amos Clay, director in Louisa County, said the BEP "has been a shot in the arm for Louisa County schools," and acknowledged that the program was working very well for his "have-not" county, as he noted:

> We picked up somewhere around $11 million out of the BEP funding based on our ability to pay--the TACIR Model. We were one of the "have-not" systems that actually participated in the lawsuit that went to the state supreme court that resulted in Governor McWherter's development of the BEP. So, certainly, we are satisfied. I'm sure there are some systems that may not be, based on the funding formulas. But, Louisa County is a very rural system and we only have a few sources of income that we could put in.

He shared an interesting example that was used in the lawsuit to paint a picture of the disparities between counties, saying, "I think it was interesting in the lawsuit that they used the example that Spencer County's entire sales-tax base did not equal what one Wal Mart's revenue was in Riverdale City." He continued to relate the benefits to his system from the BEP funding dollars:

> . . . for us, it has been a great benefit, because we've been able to initiate programs, reduce class size, and meet the mandates of BEP. We used those dollars as they filtered to us to meet the mandates of class size first. We met all classified standards. Some school systems chose to use money for building programs because there's some leeway of how you use the dollars. Well, by the time they ended that seven-year implementation process, they ended up not having class sizes. Then it became local dollars to reduce that. We chose to follow the recommendations of the state department and the initiatives of BEP to reduce class size first, then implement art, music, and foreign languages and nurses, those things. We came out ahead in our planning process and I think we used the dollars wisely.

Dr. Lincoln Drake, Henderson County Director, was asked how well he perceived the BEP to be working or not working. He answered:

> I think it's better than the old foundation formula. I didn't work under the foundation as superintendent, but I did as a teacher, and I don't know a great deal about that in comparison, but it seems like it has been better. I feel good about the direction that we're going; I still do not believe that you can fund an education system strictly on the growth of the sale tax.

Mrs. Rader was very quick to answer that the BEP was working extremely well in her system because it gave her some expectations of how and when the money would be coming in, as she explained, "It gives us more flexibility to expend the dollars." She went on to describe her unusual situation of being a city school system and, seemingly, to get extra resources from two local funding processes. She detailed:

> Remember, that we get, I call it "gravy money" from the county, because we get capital money. When they have a building project, we get money from it so we almost always have a pot over here that we can drop back and rely on. That fund balance has grown

> over a period of time because our maintenance needs, a lot of times, are handled through that capital project. I think the BEP has really worked good for us.

She became enthused as she discussed the teachers at her school, saying:

> Scott, you would be surprised if you saw the diversity of the teachers that we have here now. We have teachers here from Riverdale, Eaton, and Tylersville that we've hired over the years who live in an area where they could make more. We've had very competitive salaries. Now, things have changed in the last two years simply because of this equity money that did not really apply to us because we were too far up the ladder. Until the last two years we have been ahead of Louisa County, which has been our biggest concern about drawing people away from us to them I think the size of the system has helped us get and retain teachers. Even though the salaries are not what Riverdale's are, I've had people come from Riverdale who like the working conditions that we have here. Up until this point, we have not had problems in attracting or retaining teachers.

She then acknowledged that she could see a change beginning to take place even in her city school that had not in the past had problems attracting and retaining high-quality teachers. She admitted:

> Things are beginning to be very difficult and salary equity has a lot to do with that. This year for the first time, we have lost people because they can go somewhere else and make more than they're making here. We would not have a salary scale that much above Louisa County, but when Louisa County got Bredesen money last year . . . they got basically $2,000 per teacher . . . that put them at, or above the level that we are. This year the local board, my city board, gave a $2,000 local increase. You understand the difference between local and what local used to be, but teachers here this year got the 2%; we had a few who got a little bit of that equity money or whatever you want to call it, and locally they received a $2,000 increase. We feel that we are back in the game now because we got behind last year when that Bredesen money didn't come to us.

She looked back at Jasper City school board's decision to give the teachers a raise rather than more benefits and compared their decision to that of Louisa County's plan. She justified the decision, saying:

> Our board's philosophy has been every year to give a little bit of a local raise. Louisa County is putting their money into benefits. So when you look at both sides of that, Louisa County's benefits are better than ours are, but our salaries are a little bit higher. Now, what does that mean to young teachers? I think they are going to look at the bottom line: What's the salary? And then as they become more experienced, maybe they will think, "Well, maybe I should have done this benefit package." But as the board looked at it, we thought maybe we could have done something a little different; maybe we could have gotten some of that Bredesen money had we kind of had a different philosophy to use that on benefits. But I don't know that we would have gone back.

I asked Dr. Jarvis to tell me in his judgment if the BEP was working or not working. He stated his reply in this way:

> Well, I served on the BEP review committee for a number of years, and every time we met, we looked at different components. The think I mentioned a while ago that there needs to be a mandate for a local match in the funding body to provide funds for that match, because otherwise, you're just cutting other programs. There have only been a couple of changes in BEP. One was nurses--the biggest one was salary. That happened last year. All of a sudden-- you know salaries had always been outside of BEP. Well, one of the conditions of the court when that [lawsuit] was refiled was that it goes back in the BEP and that it be divided based on the same formula as the BEP. Now there were some quirks in it this past year, like some of the wealthiest systems in the state got lots of extra salary money--Williamson County and Metro Nashville. The reason for that was there was a part of the formula called the Cost Differential Factor (CDF). That is based on a county's nongovernmental wages.

He went on to explain the Cost Deferential Factor in greater detail:

> The concept is this: If a county has high nongovernmental wages, then they have to pay more to find teachers. So, Williamson County/Metro Nashville/Oak Ridge got extra money because they are wealthier systems. We really took issue with that; in fact, we, along with Gordonsville and Riverdale, went to Nashville and sat down with them again this year, and said we really objected to that. We didn't get anywhere, didn't have any impact. But the state board asked the BEP review committee as of now to look at that Cost Deferential Factor to see whether it should or should not be in. It's been changed one time; at one time we got money from that and then they changed the number factors that went into the formula, reduced them and all of a sudden we were out of the picture. Harwood County has never gotten anything. So, I'd say that's one of the problems with the BEP concept--the only way I'm going to get more money is for somebody else not to get more money. You know, we used to have a 75/25 formula for funding salaries, then that changed to 65/35. But, to give them credit, I don't think anyone lost from that. That was a big fear, that y'all would get a huge raise but we would get less for our teachers. But they didn't do it that way. To their credit, everybody got something, but for those systems that might have lost money, the governor put in what he called "whole harvest" money, and promised that it would stay there until things are settled. But, nobody lost, so you have to applaud his efforts; somebody came up with a complex formula there to make that happen. And the governor was under a strain there because you had the supreme court saying salary has to be in the BEP, you have to use that formula, and by going to 65/35 he used local and state money so he had money to shift around. He did about as well as he could I guess. We wish they would do CDF or it ought to be on a sliding scale for every system in the state.

I asked Mr. Grooms for his opinion of whether the BEP was working or not working. He was quick to reply:

> Sure, the BEP is working and will continue to work with the amount of money they have to put in it, not only for the larger systems, but for the smaller ones as well. They did the right thing, there's no question about that.

He admitted that his county, Harwood County, was wealthier than most of those surrounding it. He seemed pleased with the fairness aspect of equalizing funding across the state for those who were less capable of raising local funds. He acknowledged:

> You look around Harwood County, the per-capita income, the property tax and the sales tax base, some of these [poorer] counties had to have some help. They were biting the dust. They would get a pretty good teacher, and we would steal them. Johnson City or one of these city systems that has that additional tax base was stealing teachers from Unicoi County, Carter County, and Johnson County faster than they could hire them. If they were good teachers, they had them.

I asked Mr. Edwards of Eaton City schools, to share in his judgment of whether the BEP was working or not working. First, he stated, "Well, I think the system is working." However, he added some advice:

> I think they need to work in putting more money into the education program. I think we need to start looking--of course secondary, higher education says that they're not getting any money, and we always say that we're not getting any money either. I think we need to look across the board and see where we could better use funds, if we need to use more in, say for instance, preschool programs in the state. This is something we all talk about, but do very little. I think we just need to look at where we are spending our money.

Finally, I asked Mr. Malone, the state legislator, if, in his judgment, the BEP was working or not working. He chose to speak about the growing problem of attracting and retaining teachers in the poorer counties like Spencer or Louisa County. He elaborated by saying:

> Over the last three years especially, we've seen a couple of good years in the state legislature where they are trying to narrow the gap between the "haves" and "have nots" as far as salaries for teachers. Of course one of the problems is when you're in Spencer County or Louisa County---Louisa County loses teachers to Grigsby County, Riverdale loses them to Tylersville and Eaton City Schools and, Spencer County loses teachers to Moyer, Henderson Counties and the State of Virginia--because of the pay scale. The levels of teachers that everyone is struggling with keeping are math and science teachers, that's where we're all losing. I know in Spencer County last year, they were in school two or three weeks before they had an algebra teacher. So, that's the critical part of it. For education to work for every county concerned, we've got to continue trying to narrow the gap for funding.

Perceptions of the Strengths and Weaknesses of the BEP

I asked the participants to tell me, from their perspectives, what they thought the strengths and weaknesses were of the Basic Education Program. Mr. Michaels, from his point of view after serving on the Tennessee Small Schools board for a number of years, at first detailed five years of "good times" by elaborating:

> I'll tell you what's happen here. In 1992, when they came up with the scheme, they put it as a phase-in over five years; they wanted to phase 20% of it in a year, and they set the thing up to be funded with a half-cent sale tax. I think Governor McWherter, in his wisdom realized that that a half-cent sales tax wouldn't be adequate, but he figured somebody would have to deal with it and put more money in. We had a boom in the economy, the sales tax brought more money in than was expected and that thing was phased in and fully funded in June 1998—the fifth year—it was fully funded. Well, other than teachers' salaries, insurance allocations, and ESL—those funding components of the thing—they'll be no more money coming in there until the law is changed. If you were a Tennessee Foundation Program person and you came into the BEP, you'd say, "My goodness, how much better it is!" It actually is . . .

When he began speaking of weaknesses, he predicted that unless the economy boomed again, that the locals would have to pay more. He expressed his thoughts, saying:

> . . . but it hasn't kept up. There's no built in components. There are 42 components of the BEP. You're going to have to *up* those components and the locals will have to pay more. They have a good program, but, like I said, they just phased that sucker in over five years and thought after the fifth year that everything would be fine. I think Governor Sundquist and Governor Bredesen, when it comes back each year and systems have growth and they have to put more money in there, they'll say, "Well, this thing was fully funded back in '98." They don't understand that we were probably behind then; we needed to start putting more money in. Nevertheless, it's a great program compared to what the old program was.

When I asked Dr. Drake about the strengths and weaknesses of the BEP, he began with the strengths, conveying:

> I think the strengths are: It is a formula that generates dollars. It's not an expenditure plan. Your hands are not tied to where you have to spend it their way. It does give local communities and local school systems some flexibility. For instance, here, we have chosen to have assistant principals in our middle schools--but we're not funded to have assistant principals at our middle schools; we know it's important. I think each community and each school system can decide what's important to them--whether it's art, or whether it's keeping class sizes at a certain level, it gives them some flexibility. I think the real problem and a weakness in the BEP right now is on the component unit.

He then spoke of a weakness, giving an example of one component of the BEP that he said was a problem that might be specific to his own Henderson County. He explained it this way:

> I have a real problem with one aspect, and that's simply because I'm here in Henderson County. But the growing Hispanic population that we have, our ELL population, is growing at about 16-17% a year. We're funded on having one [ELL teacher], and I believe the BEP is one teacher per, I think, 50 or 75 students. Yet, they call it the CDF, the Cost Differential Factor. That's where if it costs more money to live in Murfreesboro, then they are going to equate that higher in the BEP. I find it very problematic because of the community that people choose to live where the cost of living is a little higher, that they're going to get more money than when you have an influx of students or children who can't speak English. I find that very problematic.

When I asked Mr. Jones to state his feelings on the strengths and weaknesses of the BEP, his answer was based on being in a smaller county with a lower ability to pay (Moyer County). He disclosed:

> We are very much limited locally here when you start talking about local taxes because there is only so much money that you can obtain with such a small tax base. We don't have the business and industry in a rural school system here that other districts have and there is only so much that you can tax whether it is property tax or whatever. It think the funding there has to come back to restructure at the state level. So, bottom line, strength is more funding, even though it's not the answer in my opinion to all the problems we have in education, it definitely helps. If you don't have funding to provide a sufficient number of teachers to where you have 30 to 40 students in the classroom, it's very difficult. In my first years teaching, I had 28 students in one class, I had 35, 37, and 39 in years after. I'm happy to say, that does not exist today, so the increase in funding is one of the more important aspects of it.

He then brought out a weakness that had not been mentioned before by any participants. He said a weakness was that no one in the state had enough knowledge of the formula or variables used by the state to make funding determinations. He further explained:

> The disadvantage, or weakness, of the BEP, as far as educators and just the general lay person in the state is that they would appreciate it if the determining factors were revealed because right now with TACIR, I think there are 68, 69, 70 different variables that's utilized and in terms of having a specific formula—they do have a formula, but I'm not sure what it is. I think it would be good for us as educators and also as residents with the state to have a better appreciation as to exactly what all the factors are and what type of role each of those factors play in the BEP.

I asked Mr. Clay, who was also from a small county, if he would express and make clear to me what he thought the strengths and weakness of the BEP were. He complied gladly by first

stating the strengths, acknowledging, "Well for us, it's been strengths because we have received additional funding that in no way would we have received locally to supplement what the state is doing." He then began to outline weaknesses, beginning with stating his frustration with discrepancies in teachers' salaries:

> I guess the most frustrating was that when the BEP first came out, salaries were excluded and if you're competing for the best, if your salaries are considerably less than neighboring systems, it's difficult to attract and keep the best. I felt many times that we were the training ground for other systems. I think research will show a beginning teacher, even though enthusiastic, they do not have that in-classroom experience and background. It takes three to five years for a teacher to truly become a highly-qualified person. That's not saying that students coming out of our universities are not prepared; reality hits you when you shut the door; you have 20 students in your classroom and it is difficult. As we go through that process, we're losing teachers, sometimes as many as 30 teachers to other systems.

He then began to speak of the difficulties of being in a county with more than one city system that shared revenue. He explained this situation:

> It's primarily the city systems that typically were able to generate more revenue via a sales tax or property tax. Then, county systems have to share a part of their revenue. For instance, we have two city systems that either overlap into Louisa County or are in Louisa County. In sharing our bond funds when the county Commission approved the $16 million renovation of our five schools in Phase II, Riverdale City systems received $979,000 off the top. Jasper City school system received $1,171.000 off the top. We don't have that benefit. So, as we fight for every dollar we have, it's difficult for the public to understand.

Dr. Vance was very helpful in expressing what he thought were the strengths and weaknesses of the BEP. He credited the small schools lawsuit with most of the success of the BEP by noting:

> Overall, it's put much more money into education and it designated where the money needed to go. You've got classroom money and nonclassroom money. I think that's a big strength. It's also provided better training for our teachers and provided more opportunity to employ and offer professional development for teachers. It happened because of the lawsuit as most of us know. BEP would have probably never been a reality without the small county's lawsuit. Spencer County was an important factor in that, and so was Moyer. That's being the strength.

He went on to speak of some weaknesses:

> A weakness is that we've spent too much money in areas that didn't get to the classroom. I believe the money needs to get to where the children are. I've always thought that. We've probably spent, in too many cases, money on bricks and mortar. We need to do that, but we also need to get it down through the system where students get supplies and materials in that classroom.

Mr. Strand, when asked about strengths and weaknesses, chose to speak in general of both the strengths and weaknesses of the BEP in Tennessee. He related:

> Well, to me the weaknesses are, we need more money. The best part of the whole thing is it brought more money into education. It made people more aware of what public education really needs. They put the money in it. Some people said it was never fully funded, but the state said it is, so, that's what we've got to accept.

Mr. Grooms answered the question of strengths and weaknesses by talking about accountability. He pointed out:

> I guess one of the strengths is that it did pump additional monies into every system in the state—all 138 at that time. It did pump additional money, but there's the accountability portion of the BEP whereby the value added scores for teachers—at one point there were indications that school boards were being held accountable. Superintendents and directors of schools were being held accountable; principals and teachers were held accountable. But, with the value added coming in, there can be no significance on teachers year after year. It doesn't mean a hill of beans as far as continued employment. In order to get rid of a teacher who is not making gains, not making improvements, you have to go through the evaluation process, court proceedings, school board hearings, and everything else. The BEP doesn't mean a hill of beans along those lines. All that information is highly confidential; nobody can see it except those people that are designated by the board of education. Again, it really doesn't mean a hill of beans as far as teachers are concerned. Now, if you continue to have poor scores, then yes, the state department could take action against the system or the principal , but not teachers.

Mr. Casey, who was the curriculum and instruction supervisor for the Spencer County school system, discussed the strengths of the BEP from his job perspective:

> When I first became an administrator, one of my responsibilities was dealing with new textbooks. We had a six-year adoption cycle, which meant that students should get a new math or language arts book every six years. When I first started, the budget for textbooks was probably $25,000, which meant that you could buy enough textbooks for two or three classes at best. Now, since BEP funds are coming on, that gives you a budget for it based on number of students in that county. Now, we're in a six-year adoption process where every student in Spencer County receives a new textbook in his or her content area every six years. That never took place before. We might have bought a few math books each year, but never across the board. For example, last year we adopted language arts books for every student in the County k-12. They will all have new textbooks next year

> due to the BEP. Also, technology has been great. We have from 3 to 5 computers in every classroom in the county. For the first time, we have two computer labs that are available to students and teachers in our elementary school population of 460. In the middle-high schools, we have three computer labs that are available. In high school-middle, we have approximately 560 students. One of those high school labs, we specifically built for the purpose of Gateway for those students to go in if they failed the Gateway for remediation, or if they just want to go in an prepare for Gateway. Everything here is funded through BEP. So, technology is far beyond what we could have imagined here.

My Casey concluded by saying, "I can't think of any weaknesses in the program, we like it." To conclude, I asked Dr. Edmonds to relate his judgment of the strengths and weaknesses of the BEP. He gave a short, but clear answer, stating, "The strength is getting children in areas where there is not plenty of money or a big tax base an opportunity to compete favorably."

Effects of the No Child Left Behind Act on the BEP

Since the passage of the federally mandated *No Child Left Behind Act* of 2001, special categories of that program have affected the Basic Education Program in Tennessee. The school directors were asked specifically what effect the *No Child Left Behind Act* has had on the state and particularly their local systems. When Mr. Michaels was asked this question, he passionately spoke:

> The concept of the *No Child Left Behind Act* is a fantastic concept. If you're an educator, and you want to look at improving things, how can you argue against it? You can't. They just have some criteria in there that makes you fail before you start. Our local system, has it has affected it? Yes, for example, the NCLB, they have a magic number, 45 children. You might go to some schools and if they didn't have 45 special-needs students within that school, they would not have a subgroup in which that test data would apply against them. It might be ESL. Here, we are caught in poverty situations that we can't do anything about. Spencer County High School passed language arts composite score of 86.9%. We surpassed the cutoff by .9 of a point. That's close, but we made it. But a high percentage of our students, at risk or socioeconomic deprived students, didn't make it. So, they made us a target school. About 84% of our people are on free or reduced lunches; well, if 84% of every 100 children are on free or reduced lunches, we met the composite score, but still we had a high number of our socioeconomic at-risk children that didn't make it. That's one thing, but there had to be a high number of those at-risk children that made it in the first place for us to make a composite score. So, there are some technical things. Special needs children, it says that they shall all do at a level by 2014. That's unrealistic. With the BEP itself, there's no way for us to adjust, to lower

> our teacher-pupil ratio, to do some of the things that it requires us to do. In some of your bigger systems, I'm sure there are variables that come into play, but as far as NCLB actually affecting funding of the BEP, not as we speak. It's had some across the board things. If you don't have certified people by the end of the 2005-06 school year, what are they going to do? Even though they've been certified to teach for 25 years, if they aren't highly qualified?

When Mr. Clay was asked about the *No Child Left Behind Act*, and the effects it has had on the Better Education Program, he reminded me:

> When the Tennessee legislature passed Governor McWherter's BEP, Tennessee already had a strong accountability model. I think Tennessee was far ahead of many states because we were already testing grades three through eight. Part of the accountability model, the commissioners report card to the public, we were already meeting many of those mandates. It has completely changed, because when Tennessee went into the accountability model, we were looking at norm-referenced test data, we were looking at value-added test data; now, in addition to that we are looking at the percentage of students who are proficient within each of the subgroups. I think Dr. Connie Smith with the state department said, "There's 37 ways to file adequate yearly progress." As we moved toward that, I think our teachers are far ahead of the other states. My biggest concern though is, it is a threat to public education. Public schools don't get to choose or accept which students they take. The nonpublic schools do not have to meet the same standard as public schools. Certainly, we want our children to be in successful schools, and be prepared for Yale. Our whole country's foundation is based on having an educated population who can make decisions and vote with understanding. It's an unfair comparison between public and private schools. If we were to get into a parental choice, or voucher system, if we reach the level of sanction, where are those dollars coming from?

Mrs. Rader said she initially did not like the *No Child Left Behind Act* but she admitted that she had matured and understood it better today. She acknowledged, "I am embracing the NCLB," as she explained further:

> I don't have a choice as long as I am a public official and that's the law. It doesn't say that I can't document and legislate for changes that I see necessary. My feeling—and my teachers are good about it--when we started talking about highly qualified, we spent a lot of time, because it's a morale issue. I'm not highly qualified if I were teaching seventh and eighth grade; I would have been at one point, but I couldn't do the matrix now, because I've been in administration too long. I think if you don't set goals, you have nothing to aim at; if you're aiming in the dark, that's what you're doing to hit. If you do what you have always done, you're going to get what you've always gotten. I'm a special educator at heart. I have a lot of concern about the NCLB as far as the special education side is concerned. I know in my professional brain and my common sense, that there will not come a time, whether it's 2013, or whoever mandates it, that all children

> will read when they leave third grade. That is an unreasonable expectation. The highly qualified thing has been a morale issue, but it raises the bar for us. So, for us, we have used that with sensibility. I've gone to meetings; I've talked to teachers when they told me things that concerned them. I've represented those concerns to the state. I think they've given us numerous forums to present problems. I have seem some results when Lana Seavers has gone to the state and said, "Here's some things that we have found to be unattainable or needs some tweaking." So I'm not bent out of shape about it; it's the process of change and change is inevitable. The only choice you have is whether you want to kick and scream, or whether you want to embrace it and make the best of it for your children. We look at special ed. That's been in existence since 1972 and the feds promised additional funding and we're still at 40% or some low percentage of funding, so that is a concern and I think that's part of it.

When I asked Dr. Russell, what positive or negative effect the *No Child Left Behind Act* had on kindergarten- through 12th-grade education in Tennessee, he expressed concern over testing:

> Well, the positive is that it is requiring more accountability, if that's possible. We were already set up with accountability in the BEP. To create more testing and more testing, after awhile, our schools are just going to be testing centers. But, as far as the teacher aspect, the highly qualified, I think the highly qualified teacher is something to be desired; however, teachers and school systems are working frantically to try to find out if their teachers are highly qualified or not. Of course they are. With the schools having to meet the mandates of the state already with certification in all areas, and then for a program to come along and deem that your work for 20 years isn't highly qualified.

Dr. Vance was asked to specifically address the issue with the *No Child Left Behind Act* and to expound on the effects of the program on the BEP. He spoke of changes:

> It's affected us a lot because we were established before the NCLB with the value added and that's what we were basing our curriculum on here. We're still doing that to a certain extent, but that changed the way they're doing evaluations, changed the way we're going to be evaluated throughout the country. So, we must change some things, like the curriculum, in order to come into compliance, or try to match up with whatever the state and feds want on the way they evaluate schools. Now, they have those subcategories that we didn't have before. We've got the socioeconomic group, we've got the ELL students that we deal with now. They weren't subgroups before, we just had them together where you just had one score. Now you've got to look at all the different subgroups. That been the biggest change we've had.

When I asked Mr. Grooms to explain to me what the *No Child Left Behind Act* had done for kindergarten- through 12th-grade education in Harwood County and particularly with the BEP, he expressed concern:

> Well, the NCLB has affected a lot of things, and was left up to the state on a staged in proportion; whereas, NCLB is not fully implemented for 14 years, I believe. The state of Tennessee came across with numerous things within the state that over exceeded what various other states did. I think that has hurt us. They have recognized some of the hoops we have to jump through, and it's definitely going to help. When we had a number of schools that went on the target list in the state, and you compare it with Florida, Arkansas, and other states, it makes Tennessee look extremely bad. Because of universities, the certification that teachers were coming out with like Early Childhood, K-4, K-6, or 5-8 certifications, they just don't jell with NCLB and highly qualified and that's going to give us problems.

I asked Dr. Edmonds to tell me what effect the *No Child Left Behind Act* has had on Tennessee's Basic Education Program. He spoke of accountability:

> It's strange that Tennessee has always been very low in funding compared nationally but they've been okay as far as testing and trying to make sure they got the most from their tax dollars. And the *No Child Left Behind* is making everybody do that, where in Tennessee the testing part of it wasn't that big of a change; we were already doing that kind of thing. It was a big change for over half of the states in the United States. So, accountability has been a big part of Tennessee's program all along.

I asked Mr. Jones for his perspective of what the *No Child Left Behind Act* had on kindergarten- through 12th-grade education in Tennessee. He responded with concern about accountability and students' performance:

> Accountability, and highly-qualified teachers are issues. We have four or five teachers right now that's not highly qualified as far as the state's concerned but all of the others are and a big reason that most of them has made it to highly qualified status is because the house matrix that is provided that they can earn so many points from serving as department chair and all these other things. The vast majority of our teachers are able to achieve the highly-qualified status without any problem. In terms of student performance, you must have teachers that their heart is into it; they want to teach. And then, accountability, I'm an advocate of accountability. I feel like we need to know exactly where children are when they come in and when they leave, we need to know what, well, I'm not a fan of value added that Dr. Sanders discusses, but we need to add value to that child in terms of their academic knowledge from the time they enter the classroom to the time they leave. In terms of standardized tests, I am not really down on standardized tests as you will find some educators. A big reason for that is because I think that as long as we are testing what we truly think they should know---for example, in third grade math, if we as educators decide that these are specific objectives that kids should know in third grade math, then I have no problem at all for all third grade students being tested over that in mathematics. I think that something as important with standardized test scores and accountability is to make sure that people are involved though in terms of developing these standards. Far too frequently, we have political

> influence that's utilized and other people, non-educators, come up with standards and I think that's part of the friction that develops between the political system and our educators. In terms of accountability and student performance, it has changed a great deal. As I mentioned earlier, value added was created by Dr. Sanders back in the 1990's. I shouldn't say it was created by him, he has a method of determining value added and without being critical toward that, that method was adopted by the Tennessee Department of Education, and Dr. Sanders was given a contract, and that's how we evaluated, students' performance, as well as teachers in terms of teacher's effect data because the effect data which was based on the students value added scores, assuming that a student is with a teacher for three years so that they can go ahead and track that student's progress. That was the information that was utilized. Now, since the *No Child Left Behind*, there is a big swing over to criterion-referenced, getting away from norm-referenced and we're looking specifically now at what students know about specific topics instead of how they may compare with other students across the country, so you see a big movement here with the NCLB away from the norm-referenced and toward criterion-referenced. Another thing, in the past we have been evaluated on criterion-referenced for the past two to three years on grades three, five, and eight. The state is already talking about, next year, moving to grades three through eight so that we base the evaluation on all of those grades in the elementary school instead of just those three grades.

Relationship Between School Funding and Students' Performance

I asked Mr. Michaels if he saw a relationship between school funding and students' performance and he stated, "There's definitely a correlation there." He went on to explain:

> I think that if you look at any of those components that the accountability office looks at, they'll show you increases in the state in about every category—in reading, writing, and math. Even though in some of those categories we may not be up to the national standard, there has been improvement. One thing we're fighting is a socioeconomic thing, a cultural thing, and parents don't see the need to push it—to have their kids go to school. Kids don't see parents reading newspapers, reading books, professional reading, and that kind of a thing. They see parents watching TV and some of that is just a carryover. But yes, there is a correlation between dollars spent--there's no question.

When Mrs. Rader was asked if she thought there was a correlation between school spending and students' performance, she confessed that her school had been ranked second in the state based on performance. She supplied details by stating:

> This is an interesting question. We have one of the lowest per-pupil expenditures in the state; however, we have one of the highest outputs as far as academic excellence. If you look at the report card, from year to year we get an F or a D in per-pupil spending; but we are right at the top in state scores. To do that, obviously, you have to be under the state

> level and nobody on waiver, and we are at that level. It depends year to year, but we try to stay at 17 or 18 per class as opposed to 20. But when we look at students' performance, TIP, I don't know what that acronym means, but it's an arm of the government from Nashville that checks on how well we do, it ranks school systems. The first year they ranked, we were second in the state. The second year they ranked us fourth. So, in light of the fact that we spent less than most systems, we rated higher than most systems, in both attainment and achievement. I think that says a lot for teachers, and it says money doesn't buy a good education.

I asked Mr. Clay what his perception was of the correlation between student performance and school spending. He focused on the differences between the past and the present:

> That's a difficult question, Scott. If you have a caring, dedicated, hard working teacher in the classroom who has a background and love for students, they're able to do a lot of things. Money is not everything; but, the absence of money really limits what you can do. If we're going to provide our students with an opportunity, and we live in a technology age, it seems like before you get the computers in the classroom, they're outdated. If you are going to provide an opportunity for students to compete in the world wide market—it used to be to get a job—now, they have to compete internationally. If they are going on to further education, we have to provide the most quality up-to-date instruction that we can. That costs dollars. As we reduce class side, we're also facing new students we would never have faced. When I first began teaching in 1970, there was no such thing as kindergarten classes. The student went from home to first grade. There was no special education program in schools. Now, we're serving students that we may not have had back then. Now we have physically, emotionally, mentally handicapped and alcohol syndrome students. A lot of students require a lot of services. It's going to take additional dollars, but I think reducing class size so you can have more quality time with individual students has a great impact on students' achievement. So, dollars do make a difference in opportunity and student performance.

I asked Dr. Drake if he saw a correlation between school funding and students' performance. He was adamant in saying:

> I think there's a strong correlation between a parent's income and the achievement of one of their kids. I think there is no question. When you provide more money to an educational system, you're going to produce better results. I think that's been proven time and time again in our research. I don't think money can cure all problems. I don't think you should just throw money at a problem; I think you need to have a solution first to see if money will help that problem. I'm not one to say give us more money; I think it's up to us to say why we need more funding and to be very specific. Then, let the state and community determine if that's the need of that community as well, too.

I asked Dr. Vance what his perception was of the relationship between school spending and students' performance. He spoke of school leaders:

> There's a point of diminishing return. You can spend all the money you have, but unless you have a good teacher in that classroom who's concerned about children, a good principal who's going to be a leader of that school, you'll get to a point where you can throw as much money as you want and it's not going to make a difference.

Dr. Vance went on to relate a true and humorous example that was used to point out the difference between a wealthy county and a poor county's school:

> When we first started this program year ago, talking about the "haves" and "have-nots," I've always remembered they were talking about between Grigsby County and Spencer County at the time. They were talking about technology at Dobyns-Bennett High School at the time--they had anything they wanted there. They said they had automatic bells that ring between class periods. Spencer County said, "Well, what we have is, we have cow bells that we ring between each class." There was a big difference in what was going on. So, we had to have more money then. I don't think money is going to make all the difference, but there's certainly a level where you have to have money put into education if you're going to teach children, and we were at that point between BEP and we're still at that point somewhat. You can't throw in an extra $1,000 per pupil and see the results you want to get. And that's shown through the test scores. It's not always the schools that are spending the most money that's getting the best results.

Mr. Strand, explained the correlation between school funding and student performance in the following way:

> Well, it's been a proven fact, you take your bigger systems, like your Alcoa's, your Oak Ridge's, your Riverdale's, where they've got more expenditure per pupil, it's a proven fact that those students do better. You have an opportunity to purchase more instructional supplies, more needed teacher materials that they can use in the classrooms. When you don't have the money, you usually have a textbook, and hopefully every student has one; I've seen instances where not all students had textbooks.

Mr. Jones was the only participant who stated that he saw no correlation between school funding and students' performance. He explained his lone conviction by saying:

> No, I don't think it's the answer to increasing student performance. It helps; naturally anytime you have 18 warm bodies in a classroom, then a teacher can devote more time to each child than you can with 26 or 27 but as far as more funding being the answer to education and student performance, I don't think there is a correlation. No.

Dr. Russell readily acknowledged a correlation between school funding and students' performance by stating:

> Oh yes, I do believe there is a correlation between the two. Yeah, I think in situations such as our system, we will compare with any of the surrounding systems, even though, they may be pouring more money into their programs. But, generally, it's the teachers'

> salary level. Historically, our test scores are going to compare with Riverdale, Johnson City, and other counties around, even though, they do have a higher funding rate per pupil than our system. We've got good teachers in Harwood County and we've been able to maintain good teachers because they are loyal; they don't want to leave the system, and I feel like as a result, those teachers have maintained satisfaction even with the lower funding that we're providing to the other systems. But, I definitely know that whenever you can put funding into programs and materials and supplies, then the education process and performance of the students is going to increase.

Mr. Anderson Gass, director of schools in Grigsby County, had 45 years as an educator with 16 years of that in administration. Mr. Gass served at the same time in the National Guard, and had recently retired at the rank of Colonel. He had many years of experience in leadership. He said he understood what it takes to run an education system like in Grigsby County. Mr. Gass' office building was newly built and was located in Sharpsburg, Tennessee, the county seat of Grigsby County. I truly enjoyed my interview with Mr. Gass, and Mr. Jarvis who was present at the time of the interview. Both men have contributed much to Grigsby County and from the reports I have seen, they have operated a tight ship. I asked Mr. Gass in all the years he had been in education if he had seen a correlation between school spending and student performance. He noted:

> Well, we know there's a correlation between free and reduced lunch and school performance on standardized test scores, and if you're in an area that does not have a lot of funding, you probably do not have a lot of professional people there. If they don't, they probably don't have a high level of education themselves and probably don't value education as much. You have pockets that do, but I'm talking about the county as a whole, so, yes, I think it does. There's two or three ways you can improve learning. One is managing instruction and there are a lot of tools out there right now that help teachers manage instruction but they cost money. Lower teacher-pupil ratios because they are definitely tied together.

I asked Mr. Grooms to state if in his judgment there was a relationship between school funding and students' performance. He vehemently stated, "There is no question about that, there definitely is." He continued with a touch of humor, saying:

> Numerous times I have heard county commissioners, and different people say, "You can't throw money at a problem and improve it." I'd like to see it tried one time here in Harwood County. We've never had money thrown at the problem.

He continued by discussing the advantages of the city systems in his county, stating:

> When you look at the difference in funding from system to system, mainly there's the county system and the city systems. City systems have had programs, they've had additional personnel, they've had additional supplies and equipment over what the county systems have had, and it does make a difference. If you went into a science lab years ago in the city, they were completely outfitted. Some of these science labs in the county were pathetic. So, the BEP has helped us in those areas and have help free up some money that we were putting in certain things.

I asked Mr. Casey for his perception of the correlation between school funding and students' performance. He readily acknowledged the importance of "things." However, he pointed out, what was to him, the most important connection: teachers. He explained his opinion:

> There are many things that extra funding will do for a school system, such as buildings, materials, technology, and the list goes on. All those things are wonderful, and students' is somewhat related to that, but in reality, students' performance comes from teachers, and I believe that 100%. All the materials and technology will help that teacher, but true student performance will come from within the system not from without the system. The BEP has been great for us. It's done a lot for us because of the accountability that comes with. Teachers are more accountable in terms of test scores and how their students are performing, so, from that standpoint I think in raises the bar tremendously. Every year the bar is consistently raised because of accountability. Again, all those little rural areas that thought, yeah, we're doing as good as we can, based on what we get, but you see, BEP may know differently. As far as accountability, Spencer County is just as accountable as the largest metro system.

I asked Dr. Swann, Harwood County's assistant director, if she would explain to me the correlation between school spending and student performance. She related:

> I don't think it is the only issue, but I certainly do think funding--not only for pupil expenditure--we know that children with higher expectations from home and more experiences, which is usually connected to money, perform better. Now, if we bring them into the schools and we're spending more money for experiences, then I believe they would perform better. It's not a guarantee.

I asked Dr. Sanders, Harwood County's assistant director and special needs students' supervisor, the same question as Dr. Swann about spending and students' performance. She answered with conviction:

> In special ed, yes. It's just a flat yes. It means that you can have more teachers, more instructional assistants, more small groups, true one on one instruction that these children so desperately need, specialized materials, and equipment that is so pricey that you have to make do and hunt and improvise in every way you can, services that are needed for

multi-handicapped children and other services like occupational therapy, speech therapy, physical therapy, and speech therapists.

Mr. Edwards gave a reflective answer to his view of the correlation between school spending and students' performance by stating:

> Well, I think if you will look, in most cases, you will see that in the higher funded systems, the results are pretty positive. If you will see where students are exposed to more experiences and opportunities, I think you are going to see academic achievement. I'm not saying that money is the only thing that helps the problem, but money goes a long way in helping academic progress in the classroom.

Mr. Evans not only stated his belief in a correlation between school funding and students' performance, he added that there was also a correlation between the "family" having money and students' performance. He explained his viewpoint, saying:

> Yes, no doubt there is a correlation, but not always in school funding can you make up when we're running 70% free and reduced [lunch] in some areas. What I mean is this, when we're talking about science and technology and we don't have enough computers, well some children have access to computers at home and some don't. So, there's more to it than just having true funding at school because we're trying, especially in a poor system like we are, we're trying to make up for a lot of areas; where in some systems, the parents have more means at home So we're having to do some things here that we need funding for just to bring our children at an even level to start out with.

Dr. Edmonds from Harwood County gave a very detailed answer to the question of the correlation between school funding and students' performance. He conveyed:

> No question about that. There is. But the thing that skews that and makes it easy for people to say there's not that much difference is that you have to spend a lot of money on systems like Shelby County. A fifth of our children in the state of Tennessee go to school in Shelby County/Memphis. In that little tip of the state, are 18% of all the children in Tennessee. They have a lot of poverty areas, public housing, they have a lot of needs. Just to make a level playing field for those children as well as for children in economically deprived areas like Spencer County, you've got to throw a lot of money into those areas. Our scores are much better than in Spencer County even though per pupil expenditure, Spencer County's is probably $1,000 to $2,000 more than per pupil in Harwood County. So, there are a lot of factors here that have to be considered. Harwood County is bigger than Spencer County and it can afford to have more people, even though, they don't pay any more, or they don't have as much per pupil to work with, because there are more students generating funds. They're able to have more supervisors, and it all comes down to the quality of people that you put into schools, and it's more difficult to attract people in Spencer County. Well, it has been in the past but I'm thinking that will change because I think y'all in Spencer County should have the

> same opportunities that my children do in Harwood County. If they pay the teachers better, and are able to hire better teachers, and get better leadership through the BEP, it should change.

Dr. English agreed with the correlation between school funding and students' performance but he saw a correlation between their home life and students' performance. He elucidated:

> There's no doubt that children who are exposed to more modern technology and methods that are more modern are going to learn more than those that don't have that at hand. When you look at the demographics of an area, a lot of times the population could be from an area that has a real low income on a per capita basis, so a lot of those people in the lower end of the scale are really looking just to survive. They don't have a lot of interest in education; they have more interest in paying their rent and putting food on the table. Based on those things, certainly more affluent homes where parents have opportunity to buy computers, they are able to have books in their home to read, they are going to achieve more because it's expected of them and then the opportunity is there to get it. If we look at ACT scores for the whole country, you'd find that those scores are highest in the states where they spend more on per-pupil expenditure for education. People who have money are better educated and can afford to do more for children, so, I believe historically if you'll look back at the ACT, the states that have the most money per capita and are putting it in education, their test scores are higher.

Attracting and Retaining Highly-Qualified Teachers

I asked Mr. Michaels what he thought could be done to improve teachers' salaries and benefits in Tennessee in order to retain a strong, well educated teacher's pool in our educational system. He answered with firm conviction:

> I'm probably the most outspoken advocate on that issue than anybody in the state of Tennessee. First, you've got to get off this average bit. My argument from day one, and I use Trousdale County quite a bit. In Trousdale County, they had 100 teachers on BS degrees and Spencer County had 100 teachers on a MA or above. When you come up with an average and you put these salary increments in there, the people on the low end of the scale surpassed; they jumped five or six points. Those people in Spencer County through the years who had a career like me, they've gone on to get their Master's + 45 above, or doctorate to get a salary increase. When you take that average, our average was already up there, and when they put that in there, we got penalized because we've had people to go out and work their hind ends off to get them a pay scale on the front. I tried to tell them not to do that. Of course, maybe I was looking at it the way it was going to hit us. I guess that's what I was supposed to do. But that has really come into play here in the state.

He explained that the teachers in Spencer County were handicapped in a sense, because they advanced their education in order to get a small salary increase, which, in turn, penalized them with the way the state figured the average teachers' salary. He gave details:

> People in Spencer County suffered and went backwards, simply because down through the years they drove 50 miles one way to get a B.S. degree to get a $1,500 salary increase, and damned when we finally did get a scheme that's supposed to give them one, they got penalized on the average. The average salary in Spencer County now is right at $37,000, whereas the starting salary is right at $29,000. But, when you take the average, the highs and lows of most of the state and they tell you that we're above the southeastern average of $42,000, you get a beginning teacher's salary starting out at $28,900 and as a $42,000 average, ask them what they're making. This average is a very misleading concept. You don't need to be paying an average; you need to be paying a specific thing. The state sends an allocation in here of $34,000 per teacher. I got 72 BEP people; I get $32,000 each on them. But those 72 people are paid $37,000 average and I've got 70 times $3,000 I've got to come up with somewhere across the board to take care of that. We just need to set a salary fee. On the first concept, now, let me say this. What they tell us is, if we will bear with this, on the 65/35, if we'll bear with this scheme, the governor is going to put more money in that the next two years for sure and probably six more years, that this is going to even out and it will be better. It's hard to just sit back and accept that. They may be sincere. They may do it, it may happen. But, what if the economy falls? And another thing, when you take the top 10 and the 10 lowest, and you come up with an average. The bottom line, if you're an average, you're behind when you start again. The Education Improvement Act was a great thing, but in 1992, they had this average component built in, going to be Fully funded in 1998, but you're dealing with averages and it's going to take five years to walk into it, and you're dealing with averages on the start end? Well, you're 10 years behind when you get there.

I asked Mr. Clay what, in his opinion, could be done to improve teachers' salaries and benefits in Tennessee in order to retain a strong, well-educated teacher pool in our education system. He advised:

> I think Governor Bredesen has done a lot, but to level the playing field, you need a state scale. I can concede that there should be some stipends or supplements to attract quality teachers to an inner city school or an extremely rural area that isn't as popular, or an unsafe school. I think if everybody were equal in pay, it would be a level playing field in attracting teachers. That's not the whole problem. Tennessee is a long narrow state surrounded by seven other states. Other states, like Georgia, we've lost some teachers to them. They're saying, "We'll move you, we'll give you a housing allowance, whatever, a $10,000 bonus if you'll just come teach for us." I think Tennessee has to make it more competitive; the citizens of Tennessee have to recognize that education is important. It's not where you grew up, you live there the rest of your life, go to an industry, get a job, and they're going to take care of you until you retire. That's not the way life is now.

> Yes, we would like to keep our children at home and have security, but we live in a mobile society and opportunities may not present themselves here and they have to go outside Tennessee to get a job. So, we have to look at how Tennessee compares to the whole region. Governor Bredesen recognizes this is not solving the equity problem, but hopefully if they are able to raise the base pay in the formula, it will be more competitive and enable systems to raise salaries. Today it's not level; maybe it will become more level. If you look at Georgia's spending $2 to $3 thousand more per child, what are they getting for that? Better Technology? Up to date research and textbooks? Satellite learning? What can they offer? Mississippi, Alabama, and Tennessee sort of flip flop from year to year with who has the lowest contribution per child. We're 49th.

Dr. Drake was asked what he thought it would take to improve salaries and benefits in Tennessee in order to maintain a strong, well-educated teacher pool. He explained his solution:

> Our salary schedule, if you look at it as a teacher starts with us with a BS and zero, we're like 103rd out of 136 school systems. B.S. and 15? We'll move up into the 50's. Master's and zero? We're back down in the 100's again. After you stay with us for 15 years, you'll move up to about the 50's. However, if you look at what we're paying for health insurance for our employees, we're in the top 5. That's a wonderful benefit that our employees receive. It's up to us at the local level to tell our employees, "Hey, we decided to invest some time ago in health insurance benefits rather than in salaries." If that's what we choose to do, so be it. But to me, you've got to fit both of them together. I'm probably speaking against what Henderson County has decided to do, but we can complain about our salaries here in Henderson County, but if I was in another system, I wouldn't listen to us too much because it looks pretty good when you put our salary and benefits together. As a matter of fact, we're about 30th. And, 30th out of 136 school systems in Tennessee is not bad for Henderson County because it's based on where we are and the amount of revenue that we bring in at the local level. I'd say we're doing pretty good. But I think that is the key to what everybody needs to do. I think too many times we don't compare apples to apples. If you take your salary schedule and see it's why we lost on salary equity because we have a whole lot of teachers, and we do, we've got 1,300 employees, 670 something teachers, and a third of our teachers or more, have 25 years or more experience. So, when you take our average teacher's salary, we do pretty well. But, if you take our salary schedule, we're pitiful.

I asked, "Dr. English, what can be done in this state to improve teachers salaries and benefits and at the same time retain a strong, well educated teacher pool?" Dr. English answered:

> It used to be that people were so comfortable teaching in their home county or cities, that money wasn't a big factor in a lot of cases. Satisfaction with the job was the big reward and that still is a major part of those places, but people are looking more to where they can find the money. A lot of people retire from Tennessee, and still go out of state to teach. I was talking to a principal this past week here in Henderson County, and he was

> telling me about one of his teachers who had gone to North Carolina and the starting salary there for him was $45,000 and he got a bonus because he stayed for a period of time and that bonus bumped him up to about $50,000, so he's drawing a retirement from Tennessee, where he taught for 32 years, and, of course, being a math teacher, he could just about go anywhere. The salary in Tennessee is not really that competitive with a lot of states around us first of all and then when you get down to the local counties, there's a wide disparity of salaries because of the inability of that school system in certain areas to generate more money from property taxes. For example, Henderson County is in the top 10 in the state as far as industrial development and industry here pays the major portion of taxes for education. On the other hand, Spencer County doesn't have much industry, so the family members have to pay based on property tax and there's a limit as to what they can do because they can't produce income from it. So, really it's a quandary, and I think the state has made a step in the right direction as a result of the court ruling that needed to more equalize teachers' salaries and it looks like now I believe Spencer County is getting more competitive. And, I think most people prefer teaching in a rural setting than in a city if they were making a similar salary.

I interviewed Mr. Jefferson Evans from Moyer County, Tennessee. Mr. Evans had 19 years as an educator with 14 years in administration. He was currently the testing and special projects supervisor for Moyer County School System. Mr. Evans had six schools in his system, with a student population of 3,400. I asked Mr. Evans, in his judgment, what could be done in the state of Tennessee to maintain a well-educated and strong teacher pool He spoke of giving teachers incentives:

> I think undoubtedly teacher pay is the most important aspect when you're trying to retain good teachers. Of course, they have to be happy, too. We've been fortunate in the fact that some have accepted less money to stay here because they live here, and want their children to go to school here. But, as time goes on--just this year in our recruitment for English teachers and math teachers we were just amazed that we were able to hire a math teacher because of our low pay compared to other systems just in the neighboring community and we're going to have to look at some kind of supplemental program financially to maintain some of these people. We've done a little better job here in some of our staff training. We've been paying people to do that. That doesn't solve all your problems, but it sure helps that they feel like they've been appreciated enough to pay for their training. Now, the math, science, foreign language, and special ed teachers, we may give them supplemental pay to teach those areas. I don't mean that we give them a higher salary, but supplement them with bonuses or something to hold those more needed teachers here.

I asked Dr. Edmonds for his suggestions as to what could be done in the state to improve a strong teacher pool and to retain well-educated teachers in our state. He considered that it should start with the universities that train teachers, explaining:

> Somebody is going to have to fund the colleges, and universities that train teachers and hold them accountable for turning out good teachers. Because, you aren't going to have good teachers, I don't care what your salaries are, if you don't do a good job in preparing them in the first place. We, in Harwood County go out of state to bring university professors in to teach credit courses here in our building every summer. Between 150 and 200 of our teachers get three hour credit courses that count toward a masters or doctorate or whatever, and all they have to do is come down here and take the course. We go out of state to get people to train our teachers, and we're sitting 10 miles from the institution that you and I attended. So, the training program is the first part of it. The second part of it is to make sure the salaries are attractive enough to retain good people. You've got a lot of people who are place-bound, and it won't make much difference. If you want to live the rest of your life in Harwood County, even if they pay twice as much in New York, you're going to stay in Harwood County.

I asked Dr. Russell the same question and he supplied warnings and then offered a suggestion concerning the private sector:

> Well, money does talk, and if you are going to produce a salary and benefits that are so much less than surrounding systems, then you are going to suffer the loss of your good teachers. We've lost teachers right and left, especially good math teachers to surrounding systems that can pay more money. So, salary and benefits are what we're looking at. We're working on that through negotiations process this year. Negotiations isn't the way that I think a school system should be run, but nonetheless, county commission is going to give us some funding, we are going to get the level up, but we still are going to fall way short of that $34,000 average with our teachers in Harwood County. Until we get to that point, we are not going to be able to maintain those teachers. One thing we are doing right now, we're getting teachers from the private sector. This year we have three teachers, teaching math on an alternate-E licensure that have been in industry and have degrees in math or engineering, something other than teacher certification, and they're working on an alternate license. The state legislature is looking at more of these possibilities for the future.

Mr. Jones made a couple of suggestions to retain a strong, well-educated teacher pool and to keep teachers from moving to other counties or states. He described his personal difficulties in trying to find a math teacher:

> There are a couple of things that could be done. I'll start out with salary. I think we need to make sure that we have a salary that's comparable to surrounding counties and then another thing that I advocate very strongly and I think you're going to see it within a year

> or two here in the state and you already see it elsewhere, where supplements are given to some teachers in these high priority areas like for example, I'm endorsed in all science categories: chemistry, biology, physics, and mathematics. We advertised last year for a math teacher. I advertised on the internet, we advertised in the newspapers. We are trying to find a math teacher and could not, so you're going to find supplements that provided to these teachers in these critical areas such as your math, sciences, foreign languages, special ed., etc. I think that's good because we're trying to encourage our students who are interested in education to look at these shortage areas instead of just automatically going into K-8 because we do have a surplus of K-8 teachers. That's one thing. Another thing that we can do to help prevent teachers from leaving here is to make sure that they have what they need to do their job, and to do it effectively. That's something that I preach to my department all the time here; even though I'm over the technology department, if I have a teacher that needs paper for those classrooms, pencils, whatever it may be, I try to go ahead and make sure that I provide them with what they need, whatever it might be to help them do their job better, and to help them teach our children more effectively. A third thing, discipline is a big problem in our schools today. I think we have to make sure that one or two students in a class doesn't prevent 28 from learning, so that's why I advocate getting them out of classrooms, sending them to alternative schools. We're fortunate enough to have an alternative school right here at the district office away from other schools. I think we should utilize it more. Right now, we don't have any students attending the alternative school. It's made a big difference, but I think we should go ahead and take students who cause problems frequently and bring them in here and provide them with a good quality education, but do it in a setting that is remote and away from the standard classroom.

I asked Mr. Jones, the technology coordinator for Moyer County, to further describe technology from the time the BEP began until now. Specifically, I wanted to know what kind of changes he had seen in materials, supplies, and in technology. He was eager to comply:

> There's absolutely been no comparison between then and now. Before the BEP, we had four or five computers per school, and that was the old computers, of course, it was state of the art technology back then, because technology has changed very much over the last few years. But, it was more than just technology. We could not provide much at all for our teachers. We still had chalkboards. We did not have dry erase boards, and technology---that really was not an issue because we did not have money to purchase technology. Over the last few years since BEP, we were able to add computers, and internet so that students could have an opportunity to assess information that's up to date. Of course, we do have screening or blocking to prevent the inappropriate material from coming through.

Mr. Jones then began to enthusiastically describe a new teaching-tool from the internet that he discovered at a conference during the summer:

> Over the past three or four years, a couple of big things have been done, one, utilizing the internet for what's called streaming video. It's something that I demonstrated to our teachers this past inservice here. I showed it to Dr. Vance first because I was sold on it when I saw it at the National Technology Conference this past summer in New Orleans. Essentially any specific topic that you can imagine, you can search for that, and it brings up instructional videos so that students can see that. For example, I'll use sixth grade science. Electricity was one of the topics. And then within that electricity topic, you had a subtopic of series and parallel circuits. I pulled that and there was a 15-minute quiz on series and parallels and then there's a teacher's guide to help the teacher utilize it within the classroom. And then, what's called Black Line Master, which is quizzes that the teacher can use to demonstrate the student's understanding. I think that Video on Demand, or Streaming Video Instructional Service is one of the most effective tools that I have seen since I've been in education and all of this is made available because of the increased funding in the Basic Education Program. But, the whole objective to using it, you pull it from the internet, and again, all of that is tied to funding. Without the funding, we wouldn't have the internet. We have high speed internet to every classroom now, but that's still not enough. It pulls it across to one computer. We need a way to show that to the entire classroom. So what we're doing this year, and as a result of BEP funding, we are purchasing LCD projectors. The internet service with the Tennessee Department of Education which has the Tennessee curriculum, and the projectors are probably two of the more effective things that we are utilizing in the classroom to help in the instructional process. All of that is made available simply because of the BEP. Ten years ago, even if the internet was available and powerful and this service was available, we would have not been able to fund it.

Obligation of the State and Local Districts in Funding Education

Most of the directors were interested in knowing how the others answered this question because it had been a question circulating before the state legislature for some time; however, it seems to have been never adequately answered. The question to which I asked Mr. Michaels to respond: "What in your judgment are the obligations of the state and local districts in funding education in Tennessee?" He answered with open concern:

> That is a big question and it's a controversy as we speak. The Tennessee Advisory Council on Intergovernmental Relations (TACIR), has come up with some components, and they're saying when you look at these 42 different concepts, that there's a "one" then you're paying what you should pay. Well, out of our organization, I think there's 40 that's not even up to "one." Spencer County is at 1.32. And what I am talking about here is each school system's ability to pay. There are only four other counties that exceed Spencer County's effort to pay. In the end, if you aren't a "one" and you earn 72 positions of X number of students, and the state's going to pay 93% of that salary, then

> the county is going to pay 7%, and you're not up to "one," then you aren't going to get the 93%. That's getting worse as we speak. If you exceed that effort, say by 25%, or if you exceed the effort by 30%, then the state will assist those who are helping themselves. That's where were going. That's where TACIR says were going. If that happens, Spencer County could come out looking good a couple of years down the road. The theory behind that is excellent, but you come down to the numbers game. There ain't enough people in Spencer County, Moore County, Van Buren County, Lake County, and Johnson County. And those counties, even though they're making a fantastic effort when it comes to political ballgames and numbers, it's Shelby County, Memphis, that's going to have the final say.

I asked Mr. Clay what his judgment was relating to the obligation of the state and local governments' funding of kindergarten- through 12th-grade education. He answered with conviction:

> Personally, I think public education is a function of the state. They have the greatest vested interest and the greatest financial burden to support education. What the state should do, using the TACIR model, or whatever, for assessment. Louisa County, looking at average income, number of special students, whatever, and this is what we're charging your system, you send the money to Nashville, and we'll send it back to you. For whatever it takes. Counties and cities are not treated the same locally. We have to go to the funding body to ask for funds to establish our budget. Our board does not have control whether they pass it or not. If we need amendments to that budget to move funds from one line item to another, we have to go to the county commission to get their approval. We have two different groups, the authority of the board of education versus the control and authority of the county commission. It's difficult for everyone to understand. Cities have city councils. They typically go one time to council, they are funded, and they never go back. They don't have bickering between bodies and misinformation being circulated in news media because someone on the commission doesn't understand a particular item in the budget. Typically county commissions are conservative: "I ran not to raise your taxes and I'm not raising your taxes, I don't care what goes down."

Dr. Drake quickly stated that, in his opinion and according to law, funding kindergarten-through 12th-grade education was an obligation of the state. He explained further:

> I think it's up to the state to provide a quality education system. Now I didn't say basic. I think it needs to be better than a basic system; I don't think the children in Tennessee deserve just basic. I think the state should realize that education is an expensive business. It is, because you're dealing with the lives of young people. It's expensive, just like raising a family. It's not going to get any cheaper. When you have a household of five people, you're going to figure out how to generate enough revenue to take care of five people and realize that it's going to keep going up.

Mrs. Rader did not hesitate to answer with her opinion on who is responsible for funding public education. She focused on the local level and followed with an example from her own experience:

> Well, I think you get what you pay for; I'm talking on the local level. My experience has been on whatever level you offer something. For example, one time I offered parenting classes. I used to be in guidance. I also directed special ed and I realized we have people who need skills in parenting so we can educate their kids. So, we offered parenting classes for free. Who came? Two people. Well, when we offered it and they had to *pay*, we had 12. I've seen that over a period of time, and I feel like if the local district doesn't have some financial responsibility, they're not going to take it as seriously. I don't think there's such a thing as equity. I think it's a foolish goal to attain, and I think we've changed that language statewide and it makes a whole lot more sense. But, if I choose to live and be a superintendent of schools in Jasper, Tennessee, I don't think I should be legislating to make what the superintendent makes in Riverdale. This is my choice; this is where I want to live. If I wanted to live in Spencer County, I have reasons for wanting to live there; that's my home; I like the surroundings the way they are; and so, I feel the same way about the level of education. I don't think the state or the courts can mandate equity in the state of Tennessee. Again, the PTA, or even my teachers probably don't agree with that, but I think the locals should have a responsibility. But, I also know that you can't get blood out of a turnip. In those situations, there are a couple of scenarios: there are counties that have the fiscal capacity, and I think it says that their county commissions, from where I sit, their county commissioners value other things more than it values education of their students. I think there are counties that value education, but their fiscal capacity is not there. I Think that they, rightfully, need some help with that. I don't think the state should legislate so that they're suppressing those systems that want to, from the local level, get extra money to retain teachers. It doesn't seem reasonable to say, "Okay, everybody in the state now has an average of $34,000, so Jasper City, don't take your local money to raise your teachers' salaries because now we've got you equal to Louisa County or Spencer County." I think that takes away the initiative from the community.

When I asked Dr. Vance what he thought the state and local district's obligation was for funding kindergarten- through 12th-grade education in Tennessee, he answered without hesitation:

> I'm going to say something that most people don't agree with. I think the state ought to fund it. I think it ought to be the same based on certain conditions in the county. The children in Oak Ridge shouldn't have any better opportunity to get an education than the child in Moyer County. The reason Oak Ridge has a good school system is because the federal government put the money down there. If Saturn builds a plant in Moyer County, we'll have plenty money for our schools, too. Because when Saturn builds a plant here, then the state comes in and builds all the highways to take people in and out and that's

> state money. But until people like that come into your county and start some kind of business, you're always going to be pushing up the bottom on funding.

I asked, "Mr. Strand, who in you judgment is responsible for funding kindergarten- through 12th-grade education in Tennessee, the state or local districts?" and he replied:

> Both are obligated to fund education, that's the law, they have to educate the students. You can sit in Nashville, Harwood, I don't care where you sit, but when you're in those positions, you have to look at what's going to help that child in the classroom. If you're an educator and you want to help education, I don't care what level you're at, your main objective is how are we going to help the child in the classroom. There's only one person that can help that child in the classroom, and that is the teacher. That's the reason I feel the obligation the state owes, the federal government owes, and the local district owes, is to help the teachers get better funding so that we will get better teachers. We've got less people going into education right now than in the history of the country because nobody wants to go into education, and have to go to school five years and come out and make hardly any money. So, I think with the teacher equalization, if it is ever fully funded, I think that will draw more people into education.

I asked Mr. Gass this question and he focused on the issue of adequacy:

> I think they each have an obligation, and I think the local is meeting their obligation. The state, while they are doing more, obviously can do more. I think we are under funded at the state level. It needs to be more adequate. Instead of 49th, we should be at least 25th. Education Week did a study a couple years ago, and we're ranked 25th on achievement, and awful on funding. It's like salary, they fix it for a while, but there's nothing that says the Franklin City school systems can't increase their teachers' salaries by $5,000 a year, and all of a sudden, you're right back out of whack again. It's the same way in Sevier County; they get a lot of tourist dollars and I guess their burden isn't as great as some.

When I asked Mr. Jarvis the same question, he responded this way,

> Almost every constitution says it's a state function. Even schools boards do not have the authority to change anything. So, what I'm saying is, the state should fund education, but not fully fund it. The problem is if you say fully, there's only one state, Hawaii, that fully funds education. The only problem you get into is that you limit the community; you limit Oak Ridge, the Wilson County people, and Brentwood from saying we want to do more. I don't think you should ever say to a community, you can't do more.

I asked Mr. Grooms what he thought the state and local district's obligation was when funding kindergarten- through 12th-grade education in Tennessee and who was responsible for funding kindergarten- through 12th-grade education, he spoke of needed mandates from the state:

> The state indicates that it wants local control, and in my opinion, if the state is going to go with this 60/40, with this teacher equity plan that they've got now, in my opinion they ought to put some teeth in the thing and enforce it; before they send this state money, require local governmental agencies to put in these monies in order to get the state monies. If the system has the ability to pay and not just leave it to chance. If Spencer County can only pay 5%, then they ought to pay 5%, and too, if Harwood County has the ability to pay 39.5%, there ought to be a mandate that they put in that amount.

Mr. Malone answered the question with a reminder that in some counties the residents were paying a larger percentage of their incomes than those in other counties were paying to support education, yet, the *most* they could pay was still well below that paid in wealthier areas. He expounded:

> Well, I think every local district should be a participant in funding education. What a lot of them don't realize, the people in Spencer County, when you look at the ability to pay, are paying a larger percentage of their income supporting their local system, than people in the larger areas. That is something that continues to be discussed, but I don't think it ever drives home to the people that live in the large areas. Spencer County is going way above their ability to pay.

I asked Mr. Jones to share his judgment as to the state and local district's obligation in funding kindergarten- through 12th-grade education in Tennessee and to describe by what means this funding should be garnered. He gave his opinion and then mentioned the "dreaded" income tax:

> Personally, I would like to see 100% funding from the state in an effort to try to completely equalize funding across the state. I think that's a great idea. I'm afraid we won't see that any time in the next few years, because the legislature will not pass a much-needed state income tax. Personally, I am for a state income tax, and I think it will make a difference, but that is a topic that is not very popular. I'm sure I am among the minority there, but my philosophy there is that I don't mind paying taxes if I can go ahead and see some result in what it has paid for because there's no such thing as a free ride. If you want additional services then funding has to exist to take care of that. I think a state income tax would make a big difference in providing more funding; there's no doubt about that. But, I have to also say I think the problem we have with education is more than just a funding issue, too. I'm not so convinced that you can go ahead and put more money in it and expect that all problems will be taken care of.

Participants' Overall Assessment of the BEP

Throughout the interview with Mr. Clay, he spoke enthusiastically about the positive impact of the Basic Education Program for all systems but particularly for the small ones. When asked to give his assessment of the overall program since its beginning in 1992, he thoughtfully stated:

> I would give it probably, for us, a B+. I cannot give an A because it truly has not solved all the equity issues yet for us in Louisa County; it has enabled us to reduce class size, to provide better quality of materials, to bring in quality staff development, and in-service opportunities for teachers, it's enabled us to have the art, music, and technology programs, it's enabled us to put 4,000 computers in classrooms with internet hookups, it's enabled us to have a technology director and technicians to go in and help teachers and principals. Those are opportunities we didn't have before. For all the small systems, they've had dramatic gains. Now, are we there yet? No. You always hope that tomorrow will be better. Looking at our school system in 1991, and looking at it in 2004-2005, it's a totally different picture, of what we were versus what we are now. Hopefully in the next 10 years, you won't recognize in again in a positive way.

Mrs. Rader was asked to give her assessment of the BEP since its inception in 1992 and she said that her system's prior superintendent was a big part of the initial lawsuit by helping draft the documents to get it started. She said she knew very little about it because of having not been involved at the time; however, she did say she recognized and appreciated what the program had done for her system, by acknowledging:

> The BEP has been very good to us. We have been able to grow our fund balance and you can see we have, not every thing we want, but we certainly have everything we need. The one thing we did not get from the BEP, was salaries. The monies available to us, gave us more instructional materials, but did not include salaries and benefits. Our additional money that came because we are a part of Louisa County, and we always get our part of the bond money, but it couldn't be spent on salaries or benefits. So, the BEP is bountiful to us in all the other areas, but we still needed dollars to increase salary and benefits, that part had to come from local funds.

I asked Dr. Vance to give his assessment of the BEP of today. He paused to collect his thoughts and then stated:

> I think it is probably doing about as good of a job as anything we could have done. Every year they say they are going to fully fund the BEP. Well, that sounds real good, but we don't know what fully funded actually is. What the state thinks it is and what it actually

> is, is two different stories. Overall, I would assess the BEP as being very successful. There's a whole lot more positives than negatives.

Mr. Gass had recently returned from a directors' conference where the BEP was a much-discussed subject. He shared his assessment of the BEP as follows:

> As I learn more about it, I think it has a lot of pluses; but as I mentioned, it needs to be tweaked. I just got through completing a new directors' conference where they spent a lot of time on the BEP, talking about how it's funded. I guess I would give it a good solid B.

Mr. Jarvis responded to the question this way:

> The concept is sound. There are some things that need to be worked out. The small changes that the legislature has made, I think you'll see some of those things rise up in Tennessee. I think adequacy at the state level right now is a big deal, I think that would make things work much better.

Mr. Grooms, in his assessment of the BEP, fervently stated, "Personally, I am tickled to death with the BEP, and it's helped every system in the state." He later added:

> I'm not a greedy person. When Spencer County received additional money, part of the $27 million; part of the $35 million, I had no problem with that whatsoever. Again, they just don't have the ability to pay, and it's the same with Unicoi and Carter Counties. It did get irritating when you had systems like Sumner County and Williamson, some of those places got additional funds. But, they had an increase in student population. One county has to build a new school building every year because of an increase in the growth. I don't agree with the way they fund the thing. They use this year's figures to fund next year. Last year we had to hire five or six teachers because of the increase in enrollment; we're getting BEP funds this year for them, of course, but that didn't help us last year.

I asked Mr. Strand to give his overall assessment of the Basic Education Program today. He elaborated on the need for more funding by pointing out:

> The BEP has really done a lot for education. It's made the public more aware. It's helped education 100%. The funding mechanism, I believe they need to put more money into the BEP. I don't know whether the formula needs to be changed; I'm not an accountant. I'm not one of these guys who deal with the figures in Nashville. I've sat in meetings and heard that the formula needs to be changed. I just think that more money needs to be funneled into it and not everything that comes up needs to slide under BEP. Not everything can come out of BEP unless you put more money in it. If you blow a balloon up and keep blowing it up, it's going to bust. That's what BEP has already done. They keep adding stuff to it, but they're not putting more money into it. I'm like everyone else, I don't like taxes, but the tax structure is wrong, and it will be proven wrong. A state income tax is the fairest taxation there is. I know that people know it, but

> if you're running for public office, you might as well kiss yourself goodbye. If you look at these other states, it's the best way to go. I would hate to see it; but think about it, if you have a state income tax, you can take that off your federal income tax. I'd rather my tax money to go to the state of Tennessee, instead the federal government, I think it's more fair. I don't think you need to base everything on one thing like property taxes, all you're doing is killing the property owners and breaking their back. I think you need to have a wheel tax where everybody pays a bit for education, instead of a small number of people.

Dr. Russell stated that his overall assessment of the BEP was, "It's working; we're having school and we're showing improvement but we still need more funding." Mr. Casey from Spencer County, made a very good assessment of the BEP from the reported data shown from the State Department of Education, as he stated:

> I think when they first began with the BEP, there was a lot across the state—the bigger systems were not favorable to it, but when you look at the data across the state, every school system has made progress over the last 10 to 12 years. Today, I don't think you'd ever find any large metro systems that wouldn't say it's been good for the state.

I asked Dr. Sanders, to give me her best assessment of the BEP and what it's done for Harwood County. She acknowledged:

> Well, assess is a good word, because that is a component of the BEP. With all of our assessing, we have created an assessment monster within our state's school system, we're having to assess children so much. We want to be accountable; we think accountability is good and that's a large part of BEP. But, we are testing and testing. So, if we are looking to assess the BEP as a whole, we could say test scores have improved, therefore, learning has improved since the BEP has been in place.

When I asked Mr. Edwards for his overall assessment of the Basic Education Program, he eloquently shared:

> I think the BEP has been really good for education in the whole state. You hear some systems saying it's not enough and we all feel that way sometimes. But, as a whole, the BEP has been very good for us in Eaton and the state as a whole. Bottom line if we didn't have it, I don't know what we would be doing right now.

Dr. Edmonds summed up his assessment of the Basic Education Program by saying it was the best thing that has happened to Tennessee. He iterated:

> Like any program, it has it's stronger and not as strong points, but when you look at the overall picture, you have to say, that it's the best thing that's happened to Tennessee so far, and the best thing that's happen to poor counties. It's not as good for the folks who

> difficulty raising money on a local level, even though, they have an adequate tax base. But, that's their problem. People will get what they pay for, and if they don't put a premium on education in one of the richest counties in the state, that's not the state's fault. Basically, if they divide the money out to systems based on need and based on the fact that you need to give the citizens of your state the best possible chance to get an education, I don't know how they can improve on it a whole lot. If you believe in people having a chance to join the taxpayers, you need them at the highest level you can to get them there. You don't need them perpetuating the welfare cycle, you need them educated so they can take care of themselves and you're not going to have that unless you put extra effort into school systems that have a greater need and less revenue to meet that need.

Mr. Jones' expressed his overall assessment of the BEP by saying, "It's made a world of difference, but assessing in terms about us feeling good about it and knowing that it's made a big difference in the school system, that is evident for us." He further stated:

> Without the BEP, rural school districts, I'm afraid where they would have been this day and time because the disparity would have been even greater. It hasn't been many years ago when we had a $5 million budget to take care of everything, now it's around $18 million. Most of that is thanks to BEP.

Suggestions for Improvement of the BEP

I asked Dr. Vance to tell me what in his opinion could be done to improve the Basic Education Program and he quickly reminded me to "Continue to look at the teacher salary issue." He expounded further and gave two suggestions:

> There's still a lot of work to be done in salary equalization in the state. There are still a lot of things to be done in distributing the funds more equitably according to the formula. The Cost Diferential Factor (CDF), has to be looked at. Those two things—the salary issue on a yearly basis; look at the (CDF) every year, and maybe just remove the thing. I don't know if that going to benefit some of the small counties or not. If we are going to be accountable, and we need to be accountable, we need to quit changing the rules every year or so. We've got to know where we're going, to go with the rules and regulations on accountability. I know the No Child Left Behind changed some of that, but you have to know where you're going in order to get there. I'd like to see us come up with a 10- or 12-year plan and say this is what we're going to do for the next 10 to 12 years. You have to change as society changes, but you've got to know what's expected of you, you've got to know what to expect of a child in the sixth grade when he's in the fifth grade you have to know how to get there. That's been a real frustration to deal with in the local school system and I take some blame for that too because when I was down in Nashville you had to make some changes because the law changes. We just need a more stabilized tax to get there.

When I asked Mr. Grooms to give suggestions for improving the Better Education Program, he spoke of the need for support at the state level for accountability, saying:

> Again, there has to be additional funding. If there's going to be a tenure law, there has to stipulations. And, some superintendents will tell you, "I got rid of a guy" and this and that, "I got rid of 69 teachers last year." Sure, but it takes an act of Congress to. You must use piles of documentation to take a teacher out of the profession. I don't know that the state will do anything, and I don't know that we can. But, we do have some teachers, with the pressure being put on them with the NCLB, with state accountability, we've got to have some help somewhere.

Mr. Malone, the state legislature representing two small counties, focused on hiring and retaining strong teachers. He added details of the possibility of hiring teachers from the private sector:

> Well, there's been a lot of discussion in the state as far as bringing in people that may or may not hold a teaching certificate, but have expertise in the private sector and made a lot of money, and want to give their services back to the community they live in. So, I think over the next couple of years you're going to see---TEA, I think they've stepped up---they first opposed this, but now they're taking a different look at maybe making the process a bit easier to get some of these people that have a tremendous] amount of experience and knowledge to give back to their community. Also, I think at some point we're going to have to pay math, science, foreign language, special ed people more salary, or some type of bonus. Something is going to have to be done to make in more appealing for people to certify to teach those subjects.

I asked Dr. Edmonds to share his suggestions for improving the BEP, he spoke of revenue and funding issues:

> I think they're making tremendous steps based on the time I've been in Tennessee, it's a huge difference as far as equalizing funding and making funding more equitable for the children, a big difference. I don't know where they could go from here. Of course, they could put more money in it. But, they've got to keep citizens happy. If citizens won't accept, and they haven't so far, a state income tax. Obviously, this would generate more money than a sales tax. But, as long as they can get by, and have fairly decent schools, and they do have decent schools, our scores compare favorably with any other schools in the United States. I know according to some statistics, the state ranks 48th in school funding, but not in performance.

Dr. Russell joined a few of the other participants in seeing the need for a state income tax to improve funding for the BEP. He conveyed:

> Well, obviously accountability is there for all systems and when you look at the amount of accountability, paperwork, the funding issues that we have to deal with, getting and maintaining quality teachers, there has to be an effort somewhere in the BEP to assure that we're going to have funding at a level for all systems that will maintain and keep

> those teachers on board who will do quality work. We need to look at a better way to fund education in Tennessee. The income tax is probably one of the most progressive type taxes that we could evidently see in the state that would ensure that tax monies come to education. I think the funding there would be increased tremendously through that tax base with the income tax. At this point, the lottery is not going to be the answer to k-12 issue.

I asked Mr. Jones for his suggestions to make the Basic Education Program better or more successful. He answered from the viewpoint of being in a small system, saying:

> I think it's done a great job, but my opinion of what needs to be done is probably different from someone in, say, Alcoa, or Maryville. But, speaking from the standpoint of a rural school system here, I think maybe a little more equitable funding would be better for us. Again, I know that these schools systems with a large tax base would feel differently about that. Overall, though, it has been very effective.

CHAPTER 5

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS FOR PRACTICE AND FUTURE RESEARCH

The purpose of this chapter is to summarize and explain the underlying results of the research project and to identify and describe the key issues in the public school finance debate related to equity and adequacy of kindergarten- through 12th-grade education in Tennessee. Upon the identification of those issues, the research took on the key issue of accountability.

The review of the literature specified three distinct issues that shape the public school finance debate. Although not mutually exclusive, the three issues: equity, adequacy, and accountability could be combined in a multitude of possible public policy initiatives that cloud and invigorate the debate.

Interviews were conducted with 20 school directors and administrators, a ranking member of the Tennessee state house of representatives, and a former Tennessee state commissioner of education. The 17 male school directors and administrators and 3 female administrators were interviewed over a three-month period for inclusion in this study. Individual indepth interviews were conducted using an open-ended technique with a set of interview guide questions to focus the inquiry. The qualitative methodology used in the study allowed for the emergence of detail that would have been omitted with a quantitative survey analysis. Personal interviews with the research participants revealed thick description of the factors that affect school funding in Tennessee and created a large body of data for the analysis of common themes. Descriptive information was derived from the audio taped sessions and inductively coded into common categories. Major themes emerged from the coded transcriptions that were organized through the process of data analysis.

A large amount of information was derived through the review of the literature concerning equity and adequacy in funding education. However, over 30 years of intense debate by respected researchers in the field of education has failed to definitely answer the question of who is ultimately responsible for funding education in this country.

Several major themes emerged from the inductive analysis of data from within this study and these themes were underscored by previous research findings. Areas identified as themes included: the level of satisfaction with BEP funding, strengths and weaknesses of the BEP, how the BEP could be made better, academic achievement from school funding, distribution of funds in a more equitable and adequate way, teachers salaries and benefits, obligations of the state and local districts in funding kindergarten- through 12th-grade education in Tennessee, today's assessment of the BEP, and the personal philosophies of the research participants concerning kindergarten- through 12th-grade funding in Tennessee. The context of reviewed literature was presented for finding within each identified theme area. Conclusions and recommendations for future research are related to the study's findings.

Findings

Public schools in the United States for the past 30 years have witnessed a vast number of changes in both the methods of and attitudes toward the way they are financed with no one particular formula employed by any district or state. Prior to 1973, local school districts were left to their own devices to calculate the distribution of funds among schools. Each local school district had the freedom to fashion a financing system that worked best for its particular situation (Burch, 1999). The property tax was used most often to generate revenue to run the school system. Those citizens who resided in affluent areas were fortunate enough to have a high degree of property wealth, therefore, their tax burden was quite small. Those who were less fortunate were often subjected to a higher rate of property tax because of their lack of property wealth. The consequences of this, is that, districts that are able to generate a large amount of

property tax revenue had the ability to allocate more money to fund their schools. On the other side of the coin were districts with less property wealth that could not fund their schools. Districts with low property wealth were forced to address various issues such as: Should residents be taxed at a higher rate to generate more revenue or would the school district be forced to spend fewer funds per pupil? These were situations facing school districts in the United States prior to 1973.

In the United States, education of citizens is not specifically mentioned in the Constitution; therefore, financing public schools is the responsibility of each state as written in the provisions of the 10th Amendment that states, "The powers not delegated to the United States by the Constitution, nor prohibited by it to the states, are reserved to the states respectively, or to the people." It is apparent since citizens have local interest and differing needs than those living in other areas, local funding should reflect these differences and, therefore, local communities should be the beneficiaries of an educated populace. According to Hy (2000), "The economic activity resulting from increased educational attainment means that the state can generate more revenue with lower tax rates" (p. 210). Accordingly, an educated populace means the possibility of attracting better, higher-paying jobs, and these jobs, in theory, would generate an economic activity and effect an increase in revenue for the state.

Levels of Satisfaction With BEP Funding

The participants' perceptions as to their level of satisfaction of the BEP funding of kindergarten- through 12th-grade education in Tennessee were very favorable. Of the 20 participants interviewed, each one stated unequivocally that the BEP, overall, had been very good for kindergarten- through 12th-grade education in Tennessee. Mr. Clay, director of schools from Louisa County seemed to speak for the group by stating, "It has been a lifeline for us; we have seen so many changes in curriculum and student opportunities that were not available under the old plan." The participants gave examples of hiring new teachers; reducing class sizes;

hiring school nurses; increasing materials, supplies and technology; building new schools; and renovating old schools. Dr. Walter English, former director of the Henderson County schools, in recalling conditions under the old Tennessee Foundation Program admitted, “The funding bumped up substantially."

Distribution of Funds: Adequacy and Equity

All 20 of the participants stated that equity and adequacy remained a problem in the BEP and each gave suggestions and identified some areas in which to begin correcting the discrepancies. The participants had mixed opinions as to how BEP funds could be distributed in a more equitable way with several suggesting that the state should look at a statewide pay scale for personnel that would include incentive pay for hard-to-find teachers for math, science, foreign languages, special education, and ESL. Some participants considered that adequacy would be a harder problem to solve than equity, with Dr. Dale Jarvis predicting, “We will see more of this adequacy issue in the future.”

A majority of participants said they thought the key factor in both equity and adequacy was the sales tax, with one participant exclaiming, “It’s sales tax; it has always been, and until they change it, it will always be that way." This was spoken in relation to the unfairness to residents living in small counties that have few consumer districts or broad-based shopping outlets; this economic condition forces them to purchase in nearby counties where larger-ticketed items such as automobiles, a quality suit, or even a good pair of shoes can be found. This practice creates a vicious cycle whereby even though the sales taxes are paid by the poorer county's residents, the proceeds return to the wealthy county where the businesses, such as Wal-Mart, are located. Mr. Harry Malone, a state representative from Spencer County, alluded that this problem might have an upcoming solution, explaining, "Now retail stores are using zip codes in an attempt to track the money. So, there’s been more discussion in tracking the sales tax dollars in all retail businesses.”

Most, if not all, small counties and school districts across the state of Tennessee are faced with the dilemma of having their residents traveling across county lines and, in some cases, crossing state lines to purchase items, including food, that are taxed at a lower sales tax rate than in Tennessee. Tennessee has more states bordering it than any other state in the nation, and all of them have a lesser sales tax rate than Tennessee has. Familiarity with this condition caused one participant to caution, "We must not continue our dependence on sales tax revenue to fund kindergarten- through 12th-grade education in Tennessee."

All participants shared their opinions and concerns as to the issues of adequacy and equity. However, in spite of the various suggestions given for solving the problems, at least one participant remained pessimistic, saying, "When it comes to distributing school funds in a more equitable and adequate way, I'm not convinced it could be."

Perceptions of Success of the BEP

All 20 participants in the study said that they thought the BEP was a much better funding mechanism, overall, than the old Tennessee Foundation Program (TFP) for all systems both large and small. The participants were quick to give reasons for their perceptions including that the BEP gave expectations of how and when the money would be coming in and it gave more flexibility to spend the dollars. Most participants were content with the equalization of funding among systems even though they agreed that true equalization was probably an unattainable factor. Mr. Amos Clay shared an interesting example that was used to paint a picture of the disparities of funding between counties by relating, "I think it was interesting in the lawsuit that they used the example that Spencer County's entire sales-tax base did not equal what one Wal-Mart's revenue was in Riverdale City." Mr. Grooms seemed to sum up the views of the participants as he said, "The state did the right thing, there's no question about it."

Perceptions of the Strengths and Weaknesses of the BEP

The participants had no trouble sharing what they thought were the strengths and weaknesses of the BEP. All 20 participants agreed that the program had placed a lot of money into the 138 school systems across Tennessee—money that was not available prior to the BEP. However, they also unanimously agreed that equity among teachers' salary must improve. The majority of participants seemed frustrated with the discrepancies in teacher's salaries. One participant pointed out as a weakness that no one in the state seemed to have enough knowledge about the funding formula or variables to make funding determinations.

Mr. Michaels, after serving on the Tennessee Small Schools board for many years, stated, "If you were in the old Tennessee Foundation Program and you come into the BEP, you'd say, 'My goodness, how much better it is!'" When Mr. Michaels began speaking of weaknesses of the program, he predicted that unless the economy boomed again, local districts would have to pay more.

The majority of participants pointed to a major strength being that the BEP gave flexibility to local school systems with one participant explaining, "Your hands are not tied to where you have to spend it their way." However, the consensus of the participants when asked about the weakness of the BEP, was best expressed by Mr. Marshall Strand, principal of DeVault County High School, when he stated, "Well, to me the strengths and weaknesses are, we need more money, even though, it brought a lot of money into education, we simply need more."

Effects of the No Child Left Behind Act on the BEP

All 20 participants said they thought the concept of the *No Child Left Behind Act* was a good one; however, they expressed their concern that the goals would not be met in the time required because of unfunded mandates. All participants agreed that Tennessee was ahead of other states because the BEP's accountability requirements were already in place prior to the *No Child Left Behind Act*.

The participants expressed concern with a segment of the *No Child Left Behind Act* related to determining whether a teacher was "highly qualified" after teaching for 20 years. They all admitted this certification requirement had created a morale issue for most teachers. Mr. Michaels explained the frustration, saying:

> How can you argue against it? You can't. They just have some criteria in there that makes you fail before you start. For example, If you don't have certified people by the end of the 2005-06 school year, what are they going to do, even though they've been certified for 25 years, but the NCLB says they're not highly qualified?

At least one participant spoke of her intention to try to implement change in some segments of the Act that were most troubling saying, "I am embracing the NCLB, I don't have a choice as long as I am a public official and that's the law. It doesn't say that I can't document and legislate for changes that I see necessary."

Relationship Between School Funding and Students' Performance

I asked the participants if they thought there was a relationship between funding and students' performance and 17 out of 20 educators stated they thought there was a strong correlation between school funding and students' performance; the other 3 participants answered with a flat "*no*" firmly stating their belief in no correlation. One participant who cast a "no" vote tied her opinion to her own experience, explaining:

> We have one of the lowest per-pupil expenditures in the state; however, we have one of the highest outputs as far as academic excellence. If you look at the report card from year to year, we get an F or a D in per-pupil spending; but we were right at the top in state scores. I think that says a lot for our teachers, and it says that money does not buy a good education.

At least one participant summed up both sides of the issue by pointing out that regardless of how much money is provided, "Unless you have a good teacher . . . and a good principal, . . . you'll get to a point where you can throw as much money as you want and it's not going to make a difference."

The special needs supervisor participating in the study was adamant in her conviction of a correlation between funding and students' performance, stating, “In special ed, yes; it’s just a flat yes; there is a correlation between school funding and students' performance." Another participant agreed, stating, “There is no question about a correlation between school funding and student performance.” He then threw out a humorous challenge, “Numerous times I have heard county commissioners and different people say, 'You can’t throw money at a problem and improve it.' I’d like to see it tried one time here . . . we’ve *never* had money thrown at the problem!” The ambivalence on this issue was best summed up by a participant who wistfully stated, “Money is not everything; but the absence of money really limits what you can do."

Improving and Retaining Strong Highly Qualified Teachers

All 20 participants said they thought that equity of teachers' salaries and benefits would help to retain their best teachers. The participants were split in their opinions of whether to pay teachers who held high priority teaching positions such as math, science, foreign languages, and special education more than other teachers; however, they agreed it would be appropriate to pay incentives or bonuses to recruit and retain these highly-sought-after teachers.

One participant suggested that the state should set a salary fee instead of basing salary on an "average scale." Another responded with a unique suggestion, explaining that his system was looking at bringing teachers out of the private sector to teach highly sought after positions like math and science. He detailed by saying, "This year we have three teachers, teaching math on an alternate-E licensure that have been in industry and have degrees in math and engineering, something other than teacher certification, and they are working on an alternate license." He predicted, "The state legislature is looking at more of these possibilities for the future.”

At least one professor considered that the prospect of recruiting and retaining highly-qualified teachers should start with the universities that train teachers. He explained, “Somebody is going to have to fund the colleges and universities that train teachers and hold them

accountable for turning out good teachers." He then cautioned, "Because, you aren't going to have good teachers, I don't care what your salaries are, if you don't do a good job preparing them in the first place."

All participants agreed that in order to retain the strong, well-educated teachers, especially those in high priority teaching positions such as math, science, special education, and foreign languages, teachers' salary equity and improved benefits must happen immediately. Virtually all of the small school districts and many large districts are facing the fact that specialized teachers are leaving their districts, crossing county lines, and in many instances, crossing state lines for more money and better benefits. In addition, many teachers are going to the private sector, thus, creating more of a shortage of highly-qualified teaching professionals.

Obligation of the State and Local Districts in Funding Education

Near the end of each interview and after a thorough discussion of the BEP, I asked the participants for their input and suggestions as to paying for the education of the state's citizens and, specifically, whether they thought this was an obligation of the state or the local districts. From the responses, 12 out of 20 said they thought that public education should be fully funded by the state; moreover, 10 of the 20 suggested that a state income tax should be implemented to fund education and added that a wheel tax should also be strongly considered. Each participant said he or she thought the state sales tax was limited and that funding for education should not be dependent upon it. None of the participants agreed with the idea for the state to pass any legislation that would levy a statewide tax on real property to fund education. When speaking of local districts' obligations for funding education, several participants considered it this way, "You get what you pay for, because, if the local districts don't have some responsibility, they're not going to take education as seriously."

Participants' Overall Assessment of the BEP

The 20 participants interviewed gave the BEP an overall average grade of B, because, as some explained, "It's doing a good job," "Very good for us," "Has a lot of pluses," "The concept is good," It's helped every system in the state," It's working," It's made a world of difference," It's been good for the state," and finally, "I'm tickled to death with it."

One participant said he thought there were several things that needed to be worked out in the BEP formula, and that adequacy at the state level right now was a big deal. He went further to state that equity was not the problem, adequacy was, and once the state got this issue worked out, we would see things get much better.

Suggestions for Improvement of the BEP

All 20 participants said that salary equity should continue to be looked at and improved. They also suggested that accountability, relative to the tenure laws, should be looked at and improved. Several participants said the Cost Deferential Factor should be looked at closer to determine the effectiveness of that component in the BEP. In addition, they agreed that it was imperative that the state legislators look for a better scheme for funding education by possibly considering a state income tax. One participant spoke of revenue and funding issues, saying, "I've seen a big difference as far as equalizing funding and making funding more equitable. I know the people won't accept it, because they haven't so far, but a state income tax would generate more money than sales tax."

Conclusions

Equity

Participants from both the small and large school districts across Tennessee agreed on two specific aspects of the equity issue. These officials were in strong agreement that it might be more expensive to educate at one school than at another, but, the burdens of raising sufficient

local revenues were also great. Any school finance reform legislation in Tennessee must consider this disparity. Even school districts with a high degree of property wealth can have a difficult time raising enough money to fund their schools. Because some schools need more money than others do, this inability to raise sufficient revenue must be addressed through state legislation.

Adequacy

The general concept of adequacy is attractive, and the findings of this study confirm what many other states have already found; that is, it is impossible to identify the components necessary to finance a school or school district adequately. Fewer than 90% of all Tennessee school district officials who took part in this research agreed that there should be an established set of criteria that define a standard of adequacy. This certainly should send a message to state legislators that future school finance legislation should not only be fair but also adequate. Reschovsky and Imazeki (2001) suggested that adequacy could only be achieved if policy makers would realize that the specific amount of money needed to adequately educate a child is not the same for each school district. Reschovsky and Imazeki identified factors that influenced educational adequacy, such as the number of students from low-income families and those with limited English proficiency, as well as overall school district enrollment. Their findings also indicated that a value-added formula (currently in place in Tennessee) incorporating significant indicators of students' success would justify that a student's education was adequate. Other components should be added to the BEP to help achieve adequacy including pre-kindergarten programs, additional targeted class-size reduction, and quality professional development.

Accountability

Since the passage of the *No Child Left Behind Act*, accountability must be in place to determine if students are learning what they are suppose to learn and to make sure that teachers

are teaching what they are suppose to be teaching. It should be noted, however, that in Tennessee, prior to the passage of the *No Child Left Behind Act*, measures were already in place for teachers' accountability through *Terra Nova* and The Value Added Assessment System (TVAAS) instruments to show improvement of Tennessee public schools in teaching and test scores.

Another issue that should be addressed in any future school finance reform plan is the notion of giving schools with a higher number of special needs students more money. Although this already occurs to some extent, there are still federally mandated, unfunded programs that require certain modifications for at-risk children but do not provide the funds necessary for the proper education of these students. This issue should be understood by both the small and large Tennessee school district officials. Another issue that should be addressed in future school finance reform is the implementation of an on-site, full-time school nurse for every 500 students in each school.

Equity, adequacy, and accountability each play a contributing role within the school finance debate. Tennessee's state lawmakers have struggled to find a balance between these three issues so that they may complement each other. School finance litigation has made this process both difficult and time consuming. Policy makers must work to address the never-ending problems around which this ongoing debate centers.

Recommendations for Practice and Future Research

This study consisted of a review of literature for the past 30 years and current interviews with 20 school directors and superintendents together with one leading member of the Tennessee state legislature and one former Tennessee commissioner of education. From the findings of this study, pertinent recommendations for practice and future research were found:

The state legislature and policy-makers in Tennessee should ensure that funding reforms in the future are translated into better students' performance because building accountability into

school funding is becoming a high priority for funding reform efforts. When the state is looking at accountability with the Basic Education Program and keeping in compliance of the *No Child Left Behind Act,* consideration should be given to several aspects.

Curriculum

The state should identify and require the school districts to provide all components of the BEP determined to be sufficient and appropriate in their program for the purpose of enabling students to meet the various necessary academic standards. Equalization of educational opportunities is the goal, and the state should ensure that programs are made available to meet the special education needs of all children.

Academic Accountability

The state should assume ultimate responsibility for the operation of the public education system in Tennessee; although, it is necessary that the state permits local school districts to have an adequate opportunity to make necessary improvements if they choose to do so. School districts should focus on students' needs rather than school districts' needs and high goals should be set for improvements. Under the accountability component of the BEP and *No Child Left Behind Act*, the system must monitor all aspects of the program and the state and local districts *together* should determine if any improvements are needed. School districts should continue to strive to make schools accountable to the citizens they serve.

Report Cards on School Districts

This reporting process is currently used in Tennessee and it should continue to be used with the BEP by reporting students' test scores; in addition, the costs of teachers and administrators' salaries should be reported to parents as well as the media. These report cards will reflect what each district is doing and will give interested parties something with which to

compare their district. It is further recommended that rewards or assistance be provided based on how well districts meet their improvement goals. It is recommended that this practice be made a part of the Basic Education Program in Tennessee.

Accountability in Students' Performance

Several states have created a department that monitors the correlation of those states' investment to their students' performance. The state of Kentucky created an agency called the Office of Education Accountability in Kentucky as an independent arm of the state legislature. This agency's job is to monitor education reform efforts in the state by reviewing school finance and verifying the accuracy of each school district's performance. In addition, the agency investigates allegations of waste, duplication of services, mismanagement, and illegal activities at the state and local levels. It is recognized that Tennessee has an agency that monitors the activities of the BEP in its entirety; however, if is it not a separate, independent agency of the state, it should be so. I recommend that Tennessee implement a program similar to Kentucky's plan.

Administrators' and Teachers' Evaluations

As in the private sector, educators also should be held accountable if they fail to produce to set standards. Performance evaluations should be conducted annually for all staff members; this is already being done in the Eaton City School System. Rewards should be given for quality performance while placing restrictions on those who are underachieving. Individual performance improvement should be stressed instead of test score results, and the goal should be to educate students not to make boastful statements about a school's test scores.
School principals and administrators should be encouraged to perform and use their best leadership skills to improve the academic performance of students. It is equally important to hire and do everything possible to retain competent supervisors, principals, and teachers. The vast

majority of teachers are performing well and every effort should be taken to retain them. However, we should get rid of incompetent school teachers and administrators, and the tenure law should be restructured so that we can do that very thing. One director stated that in the past when a teacher was not performing well, he or she was taken out of the classroom and placed in an administrative position. This should never happen, but because of tenure laws, it did. The director explained, "We all know this to be true; many teachers retire in the classroom." Consideration should be given to reforming teachers' retirement so that people are not kept in the system when they are ready to retire. They could become a liability to the education system. As one director stated, "It is better to leave and have them wanting you to stay than it is for you to stay and have them wanting you to leave."

REFERENCES

Abbot v. Burke, 119 N.J. 287, 575, A. 2d 359, 368-369. (1990).

Arnold, M. L. (1998). Three kinds of equity. *The American School Board Journal 185,* 34-35.

Burch, K. (1999). A tale of two citizens: Asking the Rodriquez question in the 21st century. *Educational Studies, 2,* 264-278.

Campbell County School District v. State of Wyoming, WY 90, p. 32 3d. 325. (2001).

Carey, K. (2002). *Overview of k-12 education finance*. Center on Budget and Policy Priorities. Retrieved April 21, 2004, from http://www.cbpp.org/11-7-02sfp2.htm

Chi, K. S., & Jasper, C. (1997). Reforming school finance. *Policy Options for State Decision Makers, 5*, 3.

Clune, W. H. (1994). The shift from equity to adequacy in school finance. *Educational Policy 8,* 376-394.

DeRolph v. State of Ohio, 79 Ohio, St. 3d 297. (1997).

Edgewood Independent School District v. Meno, 917 S.W. 2d 717. (1995).

Education Commission of the States. (1997). *Adequacy/core cost: Determining the cost of a basic or core education*. Retrieved July 18, 2003, from http://www.ecs.org/

Education Improvement Act, C. 535 (1992).

Emerson, B. (March 14, 2003). General Press Release. Nashville, TN.

Fowler, W. J. (1999). *Legal basis for school finance cases.* Education Finance Statistics Center. Retrieved April 23, 2003, from http://nces.ed.gov/edfin/litigation.asp

Glesne, C. (1999). *Becoming qualitative researchers*. New York: Addison Wesley Longman.

Hertling, E. (1999). Implementing whole-school reform. *ERIC Digest, 128,* 1-2.

Holliday, L. (2000). *What's wrong with state education funding in Tennessee*? Report on Education for 2000, University of Tennessee County Technical Assistance Service, Knoxville.

Hy, R. (2000). Education is an investment: A case study. *Journal of Educational Finance, 27,* 209-218.

Lincoln, Y., & Guba, E. G. (1985). *Naturalistic inquiry*. Beverly Hills, CA: Sage.

Lunenburg, F. C., & Orstein, A. C. (2000). *Educational administration: Concepts and practices* (3rd ed.). Belmont, CA: Wadsworth Thomson.

McChesney, J. (1998). Whole-school reform. *ERIC Digest, 124,* 1.

Miller, M. (1999). A bold experiment to fix city schools. *The Atlantic Monthly, 284,* 15-16, 18, 26-28, 30-31.

Miller, D. E., & Patrick, A. P. (1997). Lotteries for education: Windfall or hoax. *State and Local Government Review, 29,* 34-42.

Minorini, P. A., & Sugarman, S. D. (1999). *Educational adequacy and the courts: The problem of moving to a new paradigm*. Washington, DC: National Academy Press.

National Center for Educational Statistics. (1999). *Early estimates: Public elementary and secondary education/school year 1998-1999*. Retrieved July 18, 2003, from http://www.nces.gov

National Conference of State Legislatures. (1998). *Educational adequacy: Building an adequate school finance system*. Denver, CO: Author.

National Educational Association Research Estimates Database. (2003). *NEA study finds investment in U.S. public schools lagging as education needs rise*. Retrieved May 29, 2003, from http://nea.org/newsreleases/2003

National Education Association. (2002). *Rankings of the states 2001 and estimates of school statistics*. Washington, DC: Author.

No Child Left Behind Act. (2002). *The White House fact sheet*. Retrieved August 5, 2003, from http://www.whitehouse.gov/news/releases/2002/01/20020108.html

Odden, A. (1999). *Improving state school finance systems: New realities create need to re-engineer school finance structures.* CPRE Occasional Paper. Philadelphia: University of Pennsylvania.

Patton, M. Q. (1990). *Qualitative evaluation and research methods* (2nd ed.). Newbury Park, CA: Sage.

Pauley v. Kelly, 162 W. Va. 672, 255 S.E. 2d 859, 878 (1979).

Picus, L. O. (1997). Assigning responsibilities: Where do the dollars go? *School Business Affairs,* 8-15.

Picus, L. O. (1998). Rethinking equity: There are alternatives. *School Business Affairs,* 3-8.

Rebell, M. A. (1998). Fiscal equity litigation and the democratic imperative. *Journal of Education Finance 24,* 25-30.

Reschovsky, A., & Imazeki, J. (2001). Achieving educational adequacy through school finance reform. *Journal of Education Finance, 26,* 373-396.

Robinson v. Cahill, 303 A. 2d, 273, (N.J. 1973).

Sack, J. L. (2002a). Court orders Tennessee to level teacher pay. *Education Week, 22,* 17.

Sack, J. L. (2002b). Tennessee budget crisis is lawmakers' pet project. *Education Week, 21,* 21.

San Antonio Independent School District v. Rodriquez, 411 U.S. 1, 93 S. Ct. 1278, 36 L Ed. 2d 16 (1973).

Seidman, I. (1998). *Interviewing as qualitative research*. New York: Teachers College Press.

Serrano v. Priest, 5 Calif. 3rd 584, 96 Calif. Rptr. 601, 487 P 2d 1241, (1971).

Serrano II, v. Priest, 18 Calif. 3d 728, 135 Calif. Rptr. 345 (1976).

Southern Regional Education Board. (2001). *Fact book on higher education*. Retrieved July 18, 2003, from http://www.sreb.org/

Tennessee Advisory Commission on Intergovernmental Relations. (2003). *TACIR fast facts,* Retrieved October 10, 2003, from www.state.tn.us/tacir

Tennesseans for Fair Taxation. (2001). *Facts: 49th & sinking*. Retrieved August 5, 2003, from http://www.yourtax.org

Tennessee Code Annotated, 49-1-302(a)(4) (1992).

Tennessee Department of Education Report Card. (2002). *Tennessee schools on notice, 2001-02: Statewide summary*. Nashville, TN: Office of Education Accountability.

Tennessee Department of Education. (2002). *Calculations by the office of education accountability staff on data from school systems' 2001-02.* Annual Financial Reports and the 2001-02 BEP model. Nashville, TN: Author.

Tennessee Division of Special Programs. (2001). *Tennessee education fact sheet teaching quality: Tennessee preliminary self-study.* Retrieved May 12, 2003, from http://www.utc.edu/~tacte/TNEDCRISIS.html

Tennessee Education Association. (2001). *Tennessee teachers*. Retrieved July 18, 2003, from http://www.teateachers.org/

Tennessee Higher Education Commission. (2002). *Samples of the impact of the 2000-2001 budget cuts.* Retrieved August 5, 2003, from www.state.tn.us/THEC/

Tennessee Small Schools v. McWherter, 851 S.W. 2d. 139, Tenn. (1993).

Tennessee Small School Systems et al. vs. Ned Ray McWherter et al., 91 S.W. 3d 232 Tenn. (2002).

Tennessee Tomorrow. (2001). *Tennessee education fact sheet*. Retrieved August 5, 2003, from www.tntomorrow.org

U.S. General Accounting Office. (1997). *School finance: State efforts to reduce funding gaps between poor and wealthy districts*. Washington, DC: U.S. Government Printing Office.

U.S. Department of Census. (2002). *Government Finances 1998-99*. Washington, DC: Author.

U.S. Department of Commerce. (2002). Bureau of Economic Analysis. Washington, DC: Author.

Verstegen, D. A. (1998). Judicial analysis during the new wave of school finance litigation: The new adequacy in education. *Journal of Educational Finance,* 51-68.

Verstegen, D.A. (2002). Financing the new adequacy: Towards new models of state education finance systems that support standards-based reform. *Journal of Education Finance,* 749-782.

APPENDICES

APPENDIX A

Letter of Request to Director of Schools

Dear Director of Schools:

I am currently in the process of conducting my doctoral dissertation study at East Tennessee State University in the program of Educational Leadership and Policy Analysis. The purpose of my study is to research the funding crisis in kindergarten- through 12th-grade education in Tennessee with particular emphasis upon the Tennessee School Systems for Equity.

In order to conduct my research, I am requesting your permission to contact various administrators in your system to determine their interest in interviewing with me concerning this topic. All audiotapes and written materials will remain confidential, if requested, and pseudonyms will be used for the names of participants and the school system. In addition, participants will be asked to sign an informed consent form, as required by East Tennessee State University.

If you would be willing for me to contact the administrators in your system, please sign the enclosed permission form and return it to me in the enclosed self-addressed, stamped envelope. If I can answer any questions, or provide any further information, please contact me at your convenience. I have enclosed a business card with my address, telephone number and e-mail address where I can be reached at any time.

I appreciate your cooperation in this matter, and I look forward to hearing from you soon.

Sincerely,

Scott F. Collins—(XXX) xxx-xxxx, e-mail—scollins22001@yahoo.com
Doctoral Student
East Tennessee State University

APPENDIX B

Permission to Contact Research Participants

Date_____

I,_____, Director of_____ Schools, give permission for Scott F. Collins, a doctoral student at East Tennessee State University, to contact the various school administrators in my system to ask their interest in participating in a research study concerning the funding crisis in kindergarten- through 12th-grade education in Tennessee, with particular emphasis on the Tennessee School Systems for Equity.

_____

Signature, Director of Schools

APPENDIX C

Informed Consent Form

East Tennessee State University

Informed Consent

Principal Investigator: Scott F. Collins

Title of Project: *Equity and Adequacy: A Funding Crisis in the Tennessee Education System*

This Informed Consent will explain about a research project in which I would appreciate your participation. It is very important that you read this material carefully and then decide if you wish to be a participant. By no means is there any pressure to participate in this research.

PURPOSE

The purposes of this study are to examine the funding crisis in k-12 education in Tennessee, and to determine what impact the Tennessee School Systems for Equity has had on your system, and the State of Tennessee as a whole. The study will attempt to identify the beliefs held by school directors and administrators that will help lead to a scheme for funding education in Tennessee that works, as well as to identify other sources of influence that enter into the funding process.

DURATION

The participants will be asked to participate in an audio-taped interview with the researcher that should last approximately 30 minutes, and certainly no longer than one hour.

PROCEDURES

The participants will be asked to participate in an audiotaped interview with the researcher. The researcher will use an open-ended interviewing style and will utilize a list of interview guide questions to conduct the interview. The interviews will take place at the most convenient location possible for the participant An introductory letter and permission to contact participants form will be sent to the Director of Schools in the system before the participants are contacted.

Date _____ Subject's Initials_____

Updated Version: 06-25-04

Principal Investigator: Scott F. Collins

Title of Project: *Equity and Adequacy: A Funding Crisis in the Tennessee Education System*

POSSIBLE RISKS/DISCOMFORTS

Participants may choose not to answer any questions that provoke feelings of discomfort.

BENEFITS

Any potential benefit to the participant would arise from that individual's reflection upon the interview questions and his or her personal reaction to those items. The benefits of the study would be a better understanding of how k-12 education in Tennessee is funded at the federal, state and local levels.

CONTACT FOR QUESTIONS

In the event you have questions, problems, or research-related problems at any time, you may call Scott Collins at (423) XXX-XXXX or Dr. Louise MacKay at (423) XXX-XXXX. You may also call the Chairman of the Institutional Review Board at (423) 439-6055 for any questions you may have about your rights as a research participant.

CONFIDENTIALITY

Every attempt will be made to see that my study results are kept confidential. A copy of the records from this study will be stored in a locked file in the office of the researcher for at least 10 years after the end of this research. The results of this study may be published and/or presented at meetings without naming you as a participant. Although your rights and privacy will be maintained, the Secretary of the Department of Health and Human Services, the East Tennessee State University/V.A. Medical Center Institutional Review Board, the Food and Drug Administration, and the ETSU Department of Educational Leadership and Policy Analysis have access to the study records. My records will be kept completely confidential according to current legal requirements. They will not be revealed unless required by law, or as noted above.

Date _____ Subject's Initials_____

Updated Version: 06-25-04

Principal Investigator: Scott F. Collins

Title of Project: *Equity and Adequacy: A Funding Crisis in the Tennessee Education System*

COMPENSATION FOR MEDICAL TREATMENT

East Tennessee State University (ETSU) will pay the cost of emergency first aid for any injury that may happen as a result of your being in this study. They will not pay for any other medical treatment. Claims against ETSU or any of its agents or employees may be submitted to the Tennessee Claims Commission. These claims will be settled to the extent allowable as provided under Tennessee Code Annotated Section 9-8-307. For more information about claims, call the Chairman of the Institutional Review Board of ETSU at (423) 439-6055.

VOLUNTARY PARTICIPATION

The nature, demands, risks, and benefits of the project have been explained to me as well as are known and available. I understand what my participation involves. Furthermore, I understand that I am free to ask questions and withdraw from the project at any time, without penalty. I have read, or have had read to me, and fully understand the consent form. I sign it freely and voluntarily. A signed copy has been given to me. Your study record will be maintained in strictest confidence according to current legal requirements and will not be revealed unless required by law or as noted above.

Signature of Volunteer:_____Date:_____

Signature of Investigator:_____Date:_____

Updated Version: 06-25-04

APPENDIX D

Key Informant Interview Guide

1. What is your perception of the level of satisfaction related to the kindergarten- through 12th-grade Better Education Program in Tennessee?
2. Describe for me how well you believe the Better Education Program is working, or not working?
3. What do you perceive to be the strengths, and weaknesses of the BEP today?
4. Tell me what you perceive the relationship to be between school funding and student performance?
5. How do you believe kindergarten- through 12th-grade school funding could be distributed in a more equitable and adequate way?
6. What do you believe can be done to improve teachers' salaries and benefits in Tennessee in order to retain a strong, well educated teacher's pool in our education system?
7. What in your judgment are the obligations of the state, and local school districts, when funding education in Tennessee?
8. Explain to me what effects the No Child Left Behind Act, has had on the BEP?
9. What is your assessment of the Better Education Program since starting in 1992?

VITA

SCOTT F. COLLINS

Personal Data: Date of Birth: January 18, 1949
Place of Birth: Hancock County, Sneedville, Tennessee
Marital Status: Divorced

Education:

Lincoln Memorial University, Harrogate, Tennessee
Bachelor of Arts
1982

Union College, Barbourville, Kentucky
Master of Arts in Education
1983

East Tennessee State University, Johnson City, Tennessee
Specialist in Education
1990

East Tennessee State University, Johnson City, Tennessee;
Educational Leadership and Policy Analysis, Ed. D.,
2004

Professional Experience:

Elected Hancock County Circuit Court Clerk in Sneedville, Tennessee
September 1, 1974 to August 31, 1982

Taught computer skills at Hancock County Central Elementary
September 1982 through May 1985

Appointed Hancock County Clerk and Master, Sneedville, Tennessee
September 1, 1985 to present