

**Research Plan: Senate Joint Resolution 593, Multi-school system Counties**

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**Purpose**

To study the overall effects on public k-12 education of the laws and regulations related to the sharing of resources and operation of multiple school systems located in the same county.

**Background**

Public k-12 education in Tennessee is provided through school systems that in general are operated locally either by counties, municipalities, or special school districts. State law requires each county to operate a k-12 school system, either individually or in partnership with another county, unless all students in the county are served by municipal school systems and special school districts, as is currently the case only in Gibson County. Since 1982, state law has prohibited the creation of new special school districts (Public Chapter 907, Acts of 1982). And it similarly prohibited the creation of new municipal school systems from 1998 (Public Chapter 1101, Acts of 1998) to 2013. Public Chapter 256, Acts of 2013 repealed the blanket prohibition against new municipal systems—though not the prohibition against new special school districts—authorizing municipalities that meet certain requirements to create new school systems. Six new municipal school systems have since been created, all in Shelby County. Several other municipalities, including East Ridge, Red Bank, Signal Mountain, and Soddy-Daisy in Hamilton County, Brentwood in Williamson County, and Farragut in Knox County, are also reportedly considering new systems.

Currently, 28 of the state's 95 counties have more than one school system. There are 94 county school systems, 33 municipal school systems, and 14 special school districts. Gibson is the only county that does not operate its own system.

Representatives of county officials in Tennessee have expressed concern that education revenue sharing requirements in Tennessee favor city school systems at the expense of county school systems. Responding to these concerns, Senate Joint Resolution 593 directs TACIR to study the overall effects on public k-12 education of the laws and regulations related to the sharing of resources between multiple school systems in the same county and the impact of the operation of additional municipal or special school districts within a county.

### **Step 1. Define the Problem**

How do existing laws governing the sharing of education resources in Tennessee affect counties with multiple school systems? Staff will complete the following tasks identified through conversations with the resolution's sponsor, as well as others identified in the course of research:

- Study how existing laws affect the sharing of local revenue used for operational expenses in counties with multiple school systems.
- Study how existing laws affect the sharing of local bond revenue used to fund capital projects in counties with multiple school systems, including whether these laws result in counties with multiple school systems assuming more debt than necessary to fund their capital projects.
- Study processes for valuing and transferring properties between school systems located in the same county.
- Identify other issues related to creating and operating multiple school systems in the same county, including those related to staff and other school system personnel.

### **Step 2. Assemble Some Evidence**

- Review referred legislation:
  - Review committee hearings on the legislation.
  - Summarize comments and concerns of committee members, the legislation's sponsors, and others speaking for or against the legislation.
- Interview stakeholders, including but not limited to

- County Technical Assistance Service,
- Municipal Technical Advisory Service,
- Municipal Securities Rulemaking Board,
- Tennessee Comptroller of the Treasury,
- Tennessee County Services Association,
- Tennessee Municipal League,
- Tennessee Department of Education,
- Tennessee Municipal Bond Fund,
- Tennessee School Boards Association,
- Tennessee State Board of Education,
- Tennessee State School Bond Authority,
- Tennessee Organization of School Superintendents,
- Association of Independent and Municipal Schools,
- Tennessee Department of Revenue,
- Coalition of Large School Systems, and the
- Tennessee Organization of School Business Officials.
- Review
  - relevant articles from the Tennessee Constitution,
  - relevant legislation from previous general assemblies,
  - current case law,
  - attorney general's opinions,
  - private acts, and
  - municipal charters.
- Review relevant laws and regulations in other states.
- Determine how revenue collected by local governments from bonds and other sources is shared among local governments and school systems in counties with multiple school systems.
  - Review Internal Revenue Code, and both administrative and judicial interpretations of code related to tax exempt bonds.

- Determine the effect of having multiple school systems on the level of local government indebtedness for capital projects.
  - Identify sources of revenue collected by local governments that are required to be shared by law in counties with multiple school systems.
  - Review laws and regulations governing the authority for school systems to form interlocal agreements to share operational costs.
  - Collect information on interlocal agreements between the county and either municipal or special school systems related to the funding and operation of local governments and school systems in the state.
- Review other issues related to creating and operating multiple school systems in the same county, including those related to staff and other school system personnel.
  - Review issues related to transferring school property to new school systems, including recent transfers of property to newly created municipal school systems in Shelby County.
  - Consult with education professionals and seek input from representatives of school systems, local government representatives, and others as required.
  - Review relevant literature and data sets.
  - Review tax statistics and other financial reports.

### **Step 3. Construct Alternatives**

Alternatives will be based on

- current law,
- proposed changes in the current law, and
- any additional alternatives drawn from the research and analysis in Step 2.

Each alternative will be described specifically enough to project outcomes in Step 5.

### **Step 4. Select Criteria**

- Cost direct and indirect to
  - state government,
  - local governments,
  - school systems, and

- general public.
- Estimate receptiveness of
  - students,
  - state government,
  - local governments,
  - school systems,
  - general public, and
  - other stakeholders.

### **Step 5. Project Outcomes**

- Estimate cost.
- Estimate the acceptability to the state and local governments, school systems, the general public, students, and other affected stakeholders.

### **Step 6. Confront Trade-offs**

- How will the differences between the current law and the other alternatives affect the public?
- What are the pros and cons of the potential solutions?

### **Step 7. Decide which alternatives to present to the Commission**

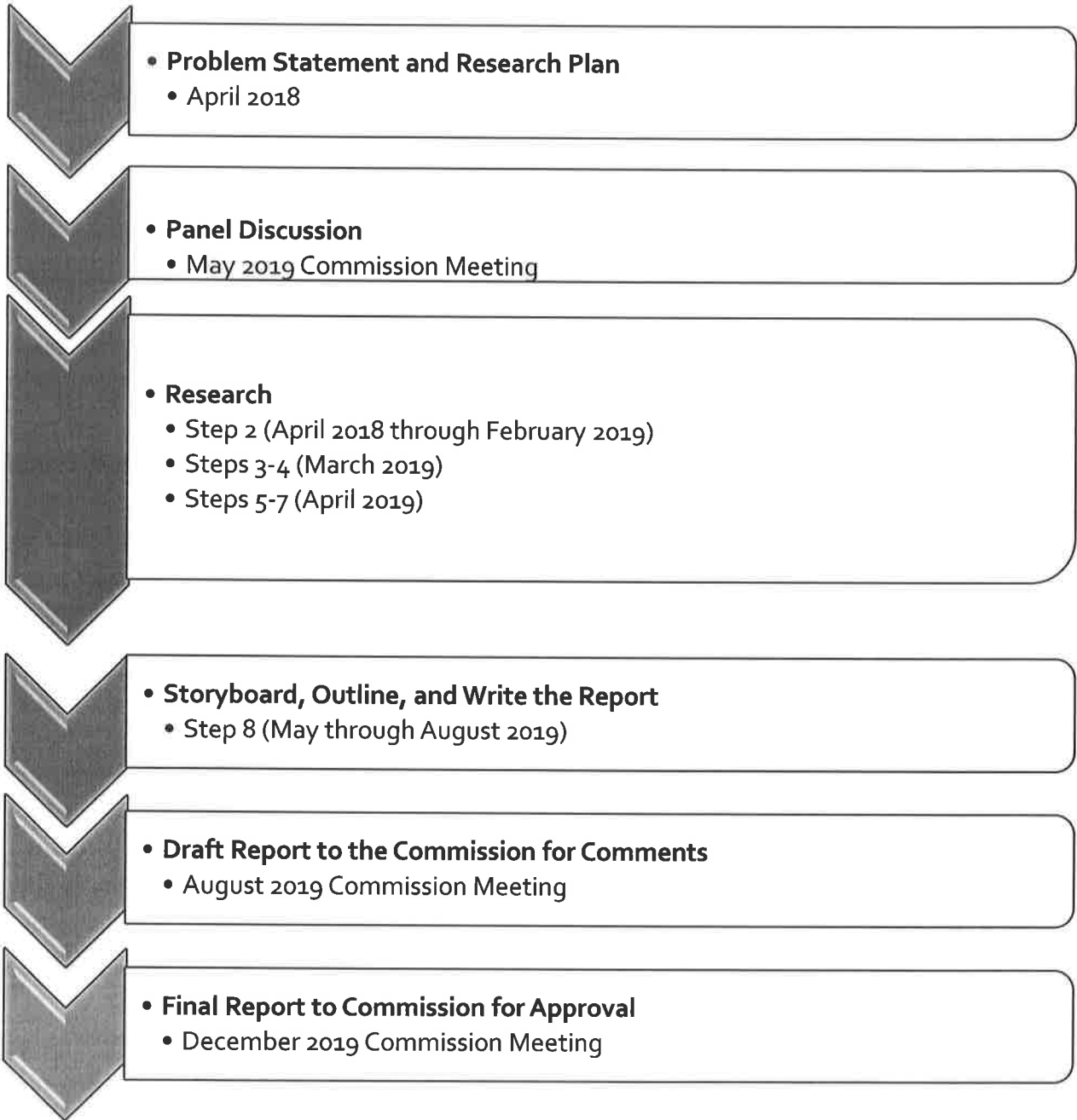
Based on the results of Step 6, choose the alternatives that most practically and realistically resolve the problem.

### **Step 8. Produce the Draft Report**

Develop and present a draft for review and comment to the Commission.

### **Revisit Steps 5 through 8.**

- Respond to feedback from Commission regarding outcome projections, trade-offs, and selection of alternatives.
- Revise and edit the draft to reflect comments of the Commission.
- Submit final report to the Commission for approval.



SENATE JOINT RESOLUTION 593

By Haile

A RESOLUTION to direct the Tennessee Advisory Commission on Intergovernmental Relations to study the overall effects on public education relative to having multiple school districts operating in the same county.

WHEREAS, in many counties across Tennessee, there are municipal or special school districts in operation in addition to the county-operated school district; and

WHEREAS, current law allows for the creation of additional municipal school districts and establishes requirements for sharing revenue—both operational expenses and bonded indebtedness for capital construction—among school districts within a county affecting the fiscal health and operations of the county school system; and

WHEREAS, these requirements may create structural disparities in the resources available to county and municipal or special school districts and may unnecessarily increase the level of local government indebtedness for capital projects; and

WHEREAS, the creation of new school districts has in the past created conflict regarding the ownership of existing school buildings and facilities; now, therefore,

BE IT RESOLVED BY THE SENATE OF THE ONE HUNDRED TENTH GENERAL ASSEMBLY OF THE STATE OF TENNESSEE, THE HOUSE OF REPRESENTATIVES CONCURRING, that the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) is directed to perform a study of the overall effects on public education relative to the laws and regulations related to the sharing of resources among school districts located in the same county and the effect of the operation within a county of municipal or special school districts in addition to the county school system.

BE IT FURTHER RESOLVED, that it is the legislative intent that TACIR shall conduct this study using its existing resources.

BE IT FURTHER RESOLVED, that all appropriate state departments and agencies shall assist TACIR as requested.

BE IT FURTHER RESOLVED, that TACIR is requested to report its findings and recommendations, including any proposed legislation, upon conclusion of the study to the chairs of the Education Committees of the Senate and the House of Representatives.