

Start by reiterating my comments from last month's meeting because apparently the Johnson City Board of Education didn't hear everything I said.

First, the issue is "Tennessee's education funding allocation method prevents "substantially equal educational opportunity" for all 17,000 students in Washington County", which by the way, is a State Constitutional requirement. I said this because funding our two school systems in a manner that provides the same opportunity to the students and is fair and reasonable to the taxpayers is not achievable.

Second, I have never said the system of funding education is unique in Washington County. I said "Washington County is uniquely impacted by the funding model" because the formula doesn't compensate for the funding advantage Johnson City has as a result of 86% of all sales tax generated being collected in Johnson City and only 7% in unincorporated Washington County. Further exacerbating the problem, Washington County Schools State revenue allocation is limited by the county level fiscal capacity calculation that includes the \$50mm in sales tax resulting primarily from Johnson City's status as a regional retail destination, but doesn't consider the disparity in sales tax collections between the City and rural Washington County. This is an inherent problem with the model which has been known since 2007. Now if the Johnson City School Board is paying attention, and I believe they are, they know the County Level Fiscal Capacity model is currently receiving a lot of scrutiny in Nashville and may be scrapped in favor of a System Level Fiscal Capacity model which is considered more equitable. This would not be a favorable outcome for Johnson City Schools.

Third, in my comments to this committee last month I don't know how I could have emphasized more the importance of finding a way to improve the educational opportunity for the County School students without diminishing the current funding or opportunity for the Johnson City students. As a matter of fact, for those of you in attendance at the September 2 County Commission meeting you may recall my comment, and I quote, "I hope this Commission is never in the position of voting for something that benefits one group of our Citizens at the expense of another". I, along with the 25 members of the County Commission, represent all 125,000 residents of Washington County and have the unenviable task of solving this problem, because it isn't right for a disparity of this magnitude to exist in Washington County. So, in the interest of fairly representing all the students and tax payers, I am formally asking the Johnson City Commission and the Johnson City Board of Education to sincerely engage with us to resolve this problem.

Obviously this is a sensitive topic with far reaching implications, which only reinforces the need to work together in finding a local solution rather than hoping for the best in the event the TN General Assembly decides to implement another of its one size fits all solutions that doesn't solve our problem and may even make it worse.

Allow me to also reiterate why it is important that we find a solution to this problem. Improving educational attainment is foundational to achieving the ultimate goal of enhancing the quality of life for all Washington Countians. We know that improving educational achievement enhances the earning potential and quality of our workforce; which makes this community more competitive in attracting new investment; which stimulates our local economy; which grows the sales and property tax bases; which provides local government with the ability to invest in community assets that further enhance opportunity and stimulate growth. We all win. Solving this problem will benefit us all!

Last month there was also discussion regarding the long term facility needs of the County Schools. With a projected cost of \$110mm plus Johnson City's share we are looking at a potential debt obligation of \$214mm. The county bonding capacity, calculated as 10% of the county wide tax base, is \$290mm. Less current debt of approximately \$155mm, we have \$135mm in remaining bonding capacity. Capacity issues are further constrained by slow amortization of the \$135mm debt offering in 2007. Regardless, the county is \$80mm short of having the capacity to fund the schools long range facilities plans as presented.

This shortfall is before other priorities of the county are even considered, such as water to the 200 miles of unserved areas of the county, approximately \$75mm. Knob Creek Road improvements, \$15mm. Industrial, retail and other Economic Development initiatives that will cost \$10mm+. And I could go on and on.

Obviously this presents a situation where creative alternatives that reduce costs must be identified and seriously considered. Some ideas to put on the table...

- Negotiate agreement to construct the new K-8 facility in Boones Creek to accommodate City and County students and be owned and operated by Johnson City schools. Save \$35-40mm.
- Use rural tax base to support the debt, save \$100mm.
- Revisit the Facilities Master Plan and consider opportunities to deploy technology in order to reduce the dependence on brick and mortar school facilities. Savings TBD.
- Reduce the K-8 facility budget to a more affordable \$20-25mm per facility, save \$40-50mm.

Unfortunately none of the figures I've referenced take into consideration the operating budget needs of the school system, which should be the first priority. We're being asked to consider millions of dollars in new annual debt service, and an obvious tax increase, all before we have a plan to sustain the operating budget of the school system. Obviously this needs to be a topic of another meeting in the near future.