SHELBY COUNTY BOARD OF COMMISSIONERS
AGENDA ROUTE SHEET

Referred to Commission Committee (name) Legislative

For Commission Action on (date) May 12, 2008

RESOLUTION TO OPPOSE PROPOSED LEGISLATION IMPOSING ADDITIONAL CRITERIA FOR DETERMINING MAINTENANCE OF EFFORT COMPLIANCE FOR LOCAL EDUCATION FUNDING. SPONSORED BY COMMISSIONER MIKE RITZ.

CHECK ALL THAT APPLY BELOW:

___X___ This Action does NOT require expenditure of funds.

_____ This Item requires/approves expenditure of funds as follows (complete all that apply):

County General Funds: $_____: County CIP Funds: $_____

State Grant Funds: $_____: State Gas Tax Funds: $_____

Federal Grant Funds: $_____

Other funds (Specify source and amount): $_____

Other pass-thru funds (Specify source and amount): $ _____

Originating Department: _____

APPROVAL:

	(Type your name & phone #.)	(Initials)	(Date)
Dept. Head:			
Elected Official:			
Division Director:	Dottie Jones 545-4576	DJ	04/30/08
CIP – A&F Director:			
Finance Dept.:	Grace Hutchinson	GH	5/1/2008
County Attorney:	Brian Kuhn	BK	5/1/08
CAO/Mayor:	Jim Huntzicker	JH	5-1-2008

SUMMARY SHEET

I. Description of Item

Resolution to oppose proposed legislation imposing additional criteria for determining maintenance of effort compliance for local education funding.

Pending legislation has been introduced in the Tennessee General Assembly regarding maintenance of effort compliance. The proposed legislation is based on erroneous reports in which it was represented that Shelby County Government had reduced its contribution to local education funding by reducing its tax rate allocation to schools and reallocated those dollars to other operations. Local education funding for both Memphis City and Shelby County school systems has, without exception, exceeded the percentage of funding required by the formula. Contributions from Shelby County Government have increased every year, including those years that state funding has been increased. The percentage of funding from local government for both school systems in Shelby County currently is approximately fifty (50) percent of the total general fund operations of both. School systems have profited from the natural growth in collections but, because of the maintenance of effort requirement, they bear no risk in years when tax collections decline.

The proposed legislation would fundamentally change the current law on maintenance of effort and restrict the ability of local governments to adjust allocations to local education. Local governments have few options to generate revenue for school funding and restricting the ability of local governments to adjust allocations to determine which revenue sources and what portion of these sources should fund education impairs the autonomy of local governments.

This resolution would request the members of the Tennessee General Assembly to oppose legislation imposing additional criteria for determining maintenance of effort compliance for local education funding.

II. Source and Amount of Funding

Not applicable.

III. Contract Items

Not applicable.

IV. Additional Information Relevant to Approval of this Item

Text of legislation attached

SENATE BILL 2799

By Woodson

AN ACT to amend Tennessee Code Annotated, Title 49, relative to the distribution of state funds.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 49-3-314, is amended by adding the following language as new subsection (d):

(d) No county or municipality shall use state funds to reduce local operating funds, excluding capital outlay and debt service, which have been allocated or appropriated for the current fiscal year, provided, also that no county or municipality shall use state funds to reduce sales taxes, property taxes or privilege taxes that have been levied for the current fiscal year.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.

Item _____

Prepared by: Dottie Jones

Approved by: _____
County Attorney

RESOLUTION TO OPPOSE PROPOSED LEGISLATION IMPOSING ADDITIONAL CRITERIA FOR DETERMINING MAINTENANCE OF EFFORT COMPLIANCE FOR LOCAL EDUCATION FUNDING. SPONSORED BY COMMISSIONER MIKE RITZ.

WHEREAS, Pending legislation regarding maintenance of effort compliance has been introduced based upon erroneous reports in which it was represented that Shelby County Government had reduced its contribution to local education funding by reducing its tax rate allocation to schools and reallocated those dollars to other operations; and

WHEREAS, Local funding to both school systems has, without exception, exceeded the required BEP local match requirements and the contributions from Shelby County have increased every year, including those years that state funding has been increased; and

WHEREAS, The attached Exhibits A and B reflect the historical tax rate allocations which have provided significant additional operational funding to both schools systems for decades; and

WHEREAS, The percentage of funding from local government for both school systems in Shelby County currently is approximately fifty (50) percent of the total general fund operations of both; and

WHEREAS, The proposed legislation would fundamentally change the current law on maintenance of effort and restrict the ability of local governments to adjust allocations to local education; and

WHEREAS, Local governments have few options to generate revenue for school funding and restricting the ability of local governments to adjust allocations to determine which revenue sources and what portion of these sources should fund education impairs the autonomy of local governments; and

WHEREAS, The state has not provided adequate authority for local governments to diversify governmental support for educational mandates as well as numerous other state and federal mandates and has limited options to respond to competing needs for resources that have equal or greater mandated funding requirements.

NOW, THEREFORE, BE IS RESOLVED BY THE BOARD OF COMMISSIONERS OF SHELBY COUNTY, TENNESSEE That this Board, after careful consideration, hereby requests the members of the Tennessee General Assembly to oppose legislation amending Tennessee Code Annotated §49-3-314 relative to the maintenance of effort compliance for local governments.

BE IT FURTHER RESOLVED, that the Shelby County Legislative Delegation and members of the Tennessee General Assembly be made aware of this request by copy of this resolution.

_____
A C Wharton, Mayor

Date: _____

ATTEST:

_____
Clerk of County Commission

ADOPTED: _____