



TACIR

The Tennessee Advisory Commission
on Intergovernmental Relations



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MEMORANDUM

TO: TACIR Commission Members

FROM: Harry A. Green
Executive Director

DATE: June 11, 2008

SUBJECT: Fiscal Capacity Update

TACIR staff produced the fiscal capacity index used to calculate Basic Education Program (BEP) funding from its inception in 1992 through fiscal year 2007. Starting this fiscal year, a new tax capacity model produced by the Center for Business and Economic Research (CBER) at the University of Tennessee is gradually replacing the TACIR model (Tennessee Code Annotated § 49-3-307). While the TACIR model uses a statistical technique known as multiple regression analysis, the CBER model is an arithmetic model. In order to smooth year-to-year changes, the TACIR model has historically used **three-year averages** of the fiscal capacity variables and CBER has adopted that practice. The TACIR model includes additional factors addressing each county area's service burden, ability to pay, and ability to export its tax burden. Both models produce indices of each county's percent of the state's total fiscal capacity.

As TACIR has noted in various reports, no other state's school systems are structured quite like Tennessee's. Even the most general statement that every county has a county system that is the default provider of public education has exceptions. Gibson County has only smaller subsystems and no countywide system, and Carroll County's countywide system provides limited services, mainly transportation. Sixty-seven of Tennessee's 95 counties have only one county system. In the rest of the counties, some cities and special school districts have opted out of the county system and operate separate systems. There are currently 15 special school districts and 27 municipal school systems in Tennessee. Twenty-eight counties have two or more systems. In counties with multiple systems, all of the systems in the county are credited with the same

fiscal capacity, though the tax-generating assets are likely not evenly distributed among those systems.

TACIR Model

Fiscal capacity is determined using **three-year averages** of the following factors for each of the 95 counties:

Per Pupil Own-Source Revenue: This is the amount of local money that the school systems in the county report that they spend on education, divided by enrollment (average daily membership (ADM)).

Per Pupil Equalized Property Assessment: The total property assessment for the county area, equalized by the appropriate county appraisal-to-sales ratio, and then divided by ADM. This is a measure of the local ability to raise revenue.

Per Pupil Taxable Sales: The local sales tax base divided by ADM. This is a measure of the local ability to raise revenue.

Per Capita Income: Per capita income is included in the fiscal capacity model as a proxy measurement for ability to pay for education; and for all other local revenue not accounted for by property or sales taxes.

ADM Divided by Population (Service Burden): This measure is included as a reflection of spending needs. The greater the number of pupils per 100 residents, the greater the fiscal burden for each taxpayer.

Equalized Residential and Farm Assessment Divided by Total Equalized Assessment (Tax Burden): This variable is intended as a proxy for a county's potential ability to export taxes. A high residential and farm ratio indicates a low ability to pass taxes on to non-residents and hence, a potential for higher local tax burdens.

The fiscal capacity model is based on a set of averages. The method, which is called multiple regression analysis, takes one factor at a time and compares it with all counties. From this process, an average weight is calculated for each factor. These averages are multiplied by the value of each factor for each county, and the results are summed. This produces a fiscal capacity amount per pupil. Because of a time lag in the collection and publication of official statistics, the data is frequently 18 to 24 months old. The formula is based on a three-year "moving" average of the data used. This averaging helps "smooth out" major changes in the model's results and reduces volatility from year to year. Figure 1 displays the formula for calculating the per pupil fiscal capacity for each county.

Once TACIR determines capacity per pupil for each county, this value is multiplied by average daily membership. This produces a countywide measure of total fiscal capacity. The values for the 95 counties are summed, and each county's value is expressed as a proportion of the total, which represents that county's share of the total local capacity to fund education. The result is the proportion each county pays of the local share of the BEP funding formula. If the index goes up or down, that share changes. In multi-system counties, the county share is divided among the school systems based on how much money each gets from the BEP formula. See Table 1 for the county level fiscal capacity and fiscal capacity index for the TACIR model used as part of the fiscal capacity measure in the fiscal year 2009 BEP.

The coefficient of determination (R^2) is a statistical measure used to indicate how well a regression model works. The R^2 measures the "goodness of fit" of the model to the data, or how close the line produced by graphing the results of the model is to the dots for each county. The closer the coefficient comes to 1.0, the better the line (the regression model) fits the data. The R^2 for the TACIR model has improved from .78 in the fiscal year 1993 model to .87 for fiscal year 2009, the latest iteration, making it a very powerful estimating model.

Figure 1. Formula for Calculating Per Pupil Fiscal Capacity in the TACIR Fiscal Capacity Model

$$\begin{aligned}
 \text{Per Pupil Fiscal Capacity} &= \text{y-Intercept} \\
 &+ \beta_1 \times \text{Property per Pupil} \\
 &+ \beta_2 \times \text{Sales per Pupil} \\
 &+ \beta_3 \times \text{Per Capita Income} \\
 &+ \beta_4 \times [\text{Residential and Farm Assessment} \div \text{Total Assessment}] \\
 &+ \beta_5 \times [\text{ADM} \div \text{Population}]
 \end{aligned}$$

Table 1. TACIR Fiscal Capacity and Fiscal Capacity Index, Fiscal Year 2009

| | Fiscal Capacity | Percent of State's Total | | Fiscal Capacity | Percent of State's Total |
|------------|-----------------|--------------------------|------------|-----------------|--------------------------|
| Anderson | \$29,478,830 | 1.136% | Lauderdale | \$5,106,184 | 0.197% |
| Bedford | 14,092,687 | 0.543% | Lawrence | 11,148,814 | 0.430% |
| Benton | 3,549,786 | 0.137% | Lewis | 2,100,488 | 0.081% |
| Bledsoe | 1,707,516 | 0.066% | Lincoln | 8,814,154 | 0.340% |
| Blount | 43,920,993 | 1.693% | Loudon | 15,523,394 | 0.598% |
| Bradley | 35,884,443 | 1.383% | McMinn | 17,870,228 | 0.689% |
| Campbell | 9,923,275 | 0.382% | McNairy | 6,944,309 | 0.268% |
| Cannon | 2,628,967 | 0.101% | Macon | 5,553,141 | 0.214% |
| Carroll | 6,582,922 | 0.254% | Madison | 48,319,847 | 1.862% |
| Carter | 11,810,155 | 0.455% | Marion | 8,487,746 | 0.327% |
| Cheatham | 10,334,802 | 0.398% | Marshall | 9,226,264 | 0.356% |
| Chester | 3,218,375 | 0.124% | Maury | 28,613,840 | 1.103% |
| Claiborne | 6,402,483 | 0.247% | Meigs | 1,492,241 | 0.058% |
| Clay | 1,345,674 | 0.052% | Monroe | 11,172,042 | 0.431% |
| Cocke | 7,777,004 | 0.300% | Montgomery | 64,139,881 | 2.472% |
| Coffee | 22,884,119 | 0.882% | Moore | 1,542,511 | 0.059% |
| Crockett | 3,096,287 | 0.119% | Morgan | 1,936,234 | 0.075% |
| Cumberland | 15,949,559 | 0.615% | Obion | 11,621,567 | 0.448% |
| Davidson | 381,948,163 | 14.720% | Overton | 4,056,878 | 0.156% |
| Decatur | 2,758,225 | 0.106% | Perry | 1,675,697 | 0.065% |
| DeKalb | 4,490,191 | 0.173% | Pickett | 764,588 | 0.029% |
| Dickson | 17,006,120 | 0.655% | Polk | 3,094,394 | 0.119% |
| Dyer | 14,501,124 | 0.559% | Putnam | 28,914,617 | 1.114% |
| Fayette | 7,785,544 | 0.300% | Rhea | 7,313,529 | 0.282% |
| Fentress | 3,702,707 | 0.143% | Roane | 16,511,248 | 0.636% |
| Franklin | 9,999,047 | 0.385% | Robertson | 20,237,046 | 0.780% |
| Gibson | 14,245,877 | 0.549% | Rutherford | 98,425,231 | 3.793% |
| Giles | 8,795,574 | 0.339% | Scott | 4,520,164 | 0.174% |
| Grainger | 2,667,007 | 0.103% | Sequatchie | 2,693,211 | 0.104% |
| Greene | 23,074,505 | 0.889% | Sevier | 57,748,572 | 2.226% |
| Grundy | 2,194,324 | 0.085% | Shelby | 505,973,477 | 19.500% |
| Hamblen | 26,149,021 | 1.008% | Smith | 4,676,250 | 0.180% |
| Hamilton | 159,178,737 | 6.135% | Stewart | 2,299,536 | 0.089% |
| Hancock | 502,404 | 0.019% | Sullivan | 66,607,239 | 2.567% |
| Hardeman | 5,105,280 | 0.197% | Sumner | 52,826,591 | 2.036% |
| Hardin | 7,604,489 | 0.293% | Tipton | 12,572,836 | 0.485% |
| Hawkins | 12,711,855 | 0.490% | Trousdale | 1,454,545 | 0.056% |
| Haywood | 4,897,563 | 0.189% | Unicoi | 4,471,890 | 0.172% |
| Henderson | 7,987,252 | 0.308% | Union | 1,930,956 | 0.074% |
| Henry | 10,062,567 | 0.388% | Van Buren | 799,537 | 0.031% |
| Hickman | 3,027,391 | 0.117% | Warren | 12,346,835 | 0.476% |
| Houston | 1,444,656 | 0.056% | Washington | 48,041,352 | 1.851% |
| Humphreys | 5,858,473 | 0.226% | Wayne | 2,074,959 | 0.080% |
| Jackson | 1,924,640 | 0.074% | Weakley | 8,366,229 | 0.322% |
| Jefferson | 11,746,079 | 0.453% | White | 5,362,658 | 0.207% |
| Johnson | 2,339,501 | 0.090% | Williamson | 118,603,655 | 4.571% |
| Knox | 211,308,447 | 8.144% | Wilson | 44,266,261 | 1.706% |
| Lake | 940,650 | 0.036% | | | |

CBER Model

The new model that is used in conjunction with the TACIR model is a tax capacity model calculated by the Center for Business and Economic Research (CBER) at the University of Tennessee. It measures the dollars a county would raise if it levied the average tax rate from across the state on its sales and property tax bases. It sounds simple, but Tennessee's complex school finance system has also made this approach less straightforward than it sounds.

The methodology for calculating the CBER model is shown in Figure 2. Like the TACIR model, the CBER model uses three-year averages for its data sets. CBER calculates the local sales tax base using actual fiscal year sales tax collections divided by the local sales tax rate adjusted for varying rates within a county and changes in the rate during the fiscal year. Equalized property assessments are calculated as in the TACIR model, and include an estimate of the assessed value of property owned by industrial development boards rather than the tax-equivalent payments used for the TACIR model. CBER has chosen to use 38% of the estimated total value of properties with Industrial Development Board (IDB) tax exemptions as a measure of payments in lieu of taxes or tax equivalent payments. CBER then uses detailed data from the Department of Education to estimate the amount of property taxes and local option sales tax collections used to finance local education in each county. This data is used to calculate average statewide education property tax and sales tax rates. These rates are then applied to the estimated property and sales tax bases to produce each county's fiscal capacity. That capacity is then expressed as an index by dividing it by the total statewide capacity. The CBER fiscal capacity estimate and fiscal capacity index for each county is shown in Table 2.

Figure 2. Formula for Calculating CBER Fiscal Capacity Index

$$\begin{array}{c}
 \boxed{\begin{array}{c} \text{Property} \\ \text{Tax Base} \end{array}} \times \boxed{\begin{array}{c} \text{Estimated} \\ \text{Average} \\ \text{Property Tax} \\ \text{Rate Used} \\ \text{for Education} \end{array}} + \boxed{\begin{array}{c} \text{Estimated} \\ \text{Value of} \\ \text{Industrial} \\ \text{Development} \\ \text{Board Projects} \end{array}} \times .38 + \\
 \\
 \boxed{\begin{array}{c} \text{Actual} \\ \text{Sales Tax} \\ \text{Revenues} \end{array}} \times \boxed{\begin{array}{c} \text{Adjustment Factor to} \\ \text{Correct for Varying} \\ \text{Local Rates and Rate} \\ \text{Changes During the} \\ \text{Year} \end{array}} \times \boxed{\begin{array}{c} \text{Estimated} \\ \text{Average Sales} \\ \text{Tax Rate Used} \\ \text{for Education} \end{array}} \\
 \\
 \hline
 \text{Sum of Numerators for All Counties} \\
 \hline
 \end{array}$$

Table 2. CBER Fiscal Capacity and Fiscal Capacity Index, Fiscal Year 2009

| | Fiscal Capacity | Percent of State's Total | | Fiscal Capacity | Percent of State's Total |
|------------|-----------------|--------------------------|------------|-----------------|--------------------------|
| Anderson | \$27,563,659 | 1.062% | Lauderdale | \$5,634,689 | 0.217% |
| Bedford | 14,371,468 | 0.554% | Lawrence | 11,076,773 | 0.427% |
| Benton | 4,101,769 | 0.158% | Lewis | 2,750,175 | 0.106% |
| Bledsoe | 2,611,741 | 0.101% | Lincoln | 9,432,292 | 0.363% |
| Blount | 52,176,428 | 2.010% | Loudon | 21,823,822 | 0.841% |
| Bradley | 36,334,365 | 1.400% | McMinn | 20,021,559 | 0.771% |
| Campbell | 12,045,756 | 0.464% | McNairy | 6,343,420 | 0.244% |
| Cannon | 2,995,235 | 0.115% | Macon | 5,739,139 | 0.221% |
| Carroll | 7,301,878 | 0.281% | Madison | 46,903,392 | 1.807% |
| Carter | 13,631,748 | 0.525% | Marion | 10,151,024 | 0.391% |
| Cheatham | 10,741,139 | 0.414% | Marshall | 9,503,792 | 0.366% |
| Chester | 3,465,580 | 0.134% | Mauzy | 32,039,367 | 1.234% |
| Claiborne | 7,917,890 | 0.305% | Meigs | 2,833,953 | 0.109% |
| Clay | 1,773,892 | 0.068% | Monroe | 15,271,677 | 0.588% |
| Cocke | 10,039,035 | 0.387% | Montgomery | 53,037,680 | 2.043% |
| Coffee | 20,126,860 | 0.775% | Moore | 2,266,976 | 0.087% |
| Crockett | 3,069,034 | 0.118% | Morgan | 3,511,984 | 0.135% |
| Cumberland | 22,826,855 | 0.879% | Obion | 10,591,693 | 0.408% |
| Davidson | 380,101,840 | 14.644% | Overton | 4,786,819 | 0.184% |
| Decatur | 3,193,126 | 0.123% | Perry | 2,160,524 | 0.083% |
| DeKalb | 6,441,117 | 0.248% | Pickett | 1,605,980 | 0.062% |
| Dickson | 18,646,800 | 0.718% | Polk | 4,292,901 | 0.165% |
| Dyer | 13,482,121 | 0.519% | Putnam | 28,715,388 | 1.106% |
| Fayette | 11,355,703 | 0.437% | Rhea | 8,985,612 | 0.346% |
| Fentress | 4,503,439 | 0.174% | Roane | 19,797,293 | 0.763% |
| Franklin | 14,087,954 | 0.543% | Robertson | 21,540,208 | 0.830% |
| Gibson | 12,682,549 | 0.489% | Rutherford | 98,761,192 | 3.805% |
| Giles | 9,128,606 | 0.352% | Scott | 5,709,740 | 0.220% |
| Grainger | 4,197,857 | 0.162% | Sequatchie | 3,996,999 | 0.154% |
| Greene | 22,731,767 | 0.876% | Sevier | 76,644,106 | 2.953% |
| Grundy | 2,653,578 | 0.102% | Shelby | 404,667,463 | 15.591% |
| Hamblen | 26,634,588 | 1.026% | Smith | 5,059,886 | 0.195% |
| Hamilton | 155,704,814 | 5.999% | Stewart | 3,278,008 | 0.126% |
| Hancock | 1,356,107 | 0.052% | Sullivan | 67,023,605 | 2.582% |
| Hardeman | 6,086,631 | 0.234% | Sumner | 56,566,390 | 2.179% |
| Hardin | 9,885,333 | 0.381% | Tipton | 14,450,576 | 0.557% |
| Hawkins | 14,174,714 | 0.546% | Trousdale | 1,733,405 | 0.067% |
| Haywood | 6,326,016 | 0.244% | Unicoi | 4,966,107 | 0.191% |
| Henderson | 7,561,127 | 0.291% | Union | 4,130,010 | 0.159% |
| Henry | 10,617,835 | 0.409% | Van Buren | 1,404,291 | 0.054% |
| Hickman | 4,936,955 | 0.190% | Warren | 12,457,652 | 0.480% |
| Houston | 1,716,241 | 0.066% | Washington | 51,702,963 | 1.992% |
| Humphreys | 6,277,843 | 0.242% | Wayne | 3,415,991 | 0.132% |
| Jackson | 2,222,753 | 0.086% | Weakley | 8,048,929 | 0.310% |
| Jefferson | 16,889,435 | 0.651% | White | 6,686,498 | 0.258% |
| Johnson | 4,396,028 | 0.169% | Williamson | 118,648,827 | 4.571% |
| Knox | 207,520,383 | 7.995% | Wilson | 45,595,201 | 1.757% |
| Lake | 1,226,230 | 0.047% | TOTAL | \$2,595,599,794 | 100.00% |

Combined Index

During the transition from the TACIR to the CBER model, the results of both are to be used in calculating fiscal capacity. In the first year of transition, FY 2008, each model was used to calculate 50% of each county's fiscal capacity. **If the CBER calculation produced a percent of total fiscal capacity number that was more than a 30% change from the TACIR calculation, then the CBER percentage was adjusted such that the change was only 30%.** The two indexes were then averaged to get the final fiscal capacity calculation. The stated intent of the administration was for the weight of each measure to shift toward CBER annually until its calculation was the only one used, but the percentages have remained at 50/50 for FY 2009. The Department of Education has not announced an official transition schedule for future fiscal years.

In order to smooth the spikes that can be caused by year-to-year changes in these variables, both models use three-year averages of each variable to determine fiscal capacity. TACIR has traditionally made its results available to the Department of Education in early March so that the department can produce BEP estimates on April 1. Because of events in the legislature the past two years, the Department has not produced those April 1 estimates. This has allowed CBER to make use of newer property tax base numbers, so that both bases used in the CBER model come from the same year. If this situation continues, TACIR may begin using the newer data in its model as well.

The fiscal capacity results calculated for FY2009 using both models is shown in Table 3, as are the final numbers that will be used in the BEP. **The difference between the FY08 combined fiscal capacity and FY09 combined fiscal capacity was capped at 30%.** Only three counties (Hancock, Pickett, and Union) had a change of more than 30% from last year's final fiscal capacity calculation, so the cap on changes did not have much of an effect this year. **For those three systems, a change of 30% in the combined index was substituted in the BEP for the original index.**

**Table 3. Combined TACIR/CBER Fiscal Capacity Index
and Index Used in the FY 2009 Basic Education Program Model**

| County | FY 09 Fiscal Capacity Index | | Comparison of FY 08 and FY 09 | | | |
|------------|-----------------------------|--------|-------------------------------|------------------------------|-----------------|-----------------------------------|
| | TACIR | CBER | Combined (50/50) | FY 08 Combined (50/50) | % Difference | Index Used in BEP ¹ |
| Anderson | 1.14% | 1.06% | 1.10% | 1.09% | 0.6% | 1.10% |
| Bedford | 0.54% | 0.55% | 0.55% | 0.54% | 0.9% | 0.55% |
| Benton | 0.14% | 0.16% | 0.15% | 0.15% | -1.0% | 0.15% |
| Bledsoe | 0.07% | 0.10% | 0.08% | 0.08% | 6.5% | 0.08% |
| Blount | 1.69% | 2.01% | 1.85% | 1.86% | -0.5% | 1.85% |
| Bradley | 1.38% | 1.40% | 1.39% | 1.39% | -0.2% | 1.39% |
| Campbell | 0.38% | 0.46% | 0.42% | 0.42% | 1.7% | 0.42% |
| Cannon | 0.10% | 0.12% | 0.11% | 0.11% | 0.6% | 0.11% |
| Carroll | 0.25% | 0.28% | 0.27% | 0.28% | -5.0% | 0.27% |
| Carter | 0.46% | 0.53% | 0.49% | 0.49% | 0.8% | 0.49% |
| Cheatham | 0.40% | 0.41% | 0.41% | 0.40% | 1.9% | 0.41% |
| Chester | 0.12% | 0.13% | 0.13% | 0.13% | -2.2% | 0.13% |
| Claiborne | 0.25% | 0.31% | 0.28% | 0.28% | 0.1% | 0.28% |
| Clay | 0.05% | 0.07% | 0.06% | 0.06% | -3.0% | 0.06% |
| Cocke | 0.30% | 0.39% | 0.34% | 0.34% | 0.3% | 0.34% |
| Coffee | 0.88% | 0.78% | 0.83% | 0.83% | -0.8% | 0.83% |
| Crockett | 0.12% | 0.12% | 0.12% | 0.12% | -4.0% | 0.12% |
| Cumberland | 0.61% | 0.88% | 0.75% | 0.70% | 6.5% | 0.75% |
| Davidson | 14.72% | 14.64% | 14.68% | 14.58% | 0.7% | 14.68% |
| Decatur | 0.11% | 0.12% | 0.11% | 0.12% | -0.9% | 0.11% |
| DeKalb | 0.17% | 0.25% | 0.21% | 0.20% | 5.9% | 0.21% |
| Dickson | 0.66% | 0.72% | 0.69% | 0.69% | -1.0% | 0.69% |
| Dyer | 0.56% | 0.52% | 0.54% | 0.55% | -1.8% | 0.54% |
| Fayette | 0.30% | 0.44% | 0.37% | 0.34% | 7.9% | 0.37% |
| Fentress | 0.14% | 0.17% | 0.16% | 0.15% | 2.6% | 0.16% |
| Franklin | 0.39% | 0.54% | 0.46% | 0.45% | 3.1% | 0.46% |
| Gibson | 0.55% | 0.49% | 0.52% | 0.53% | -1.5% | 0.52% |
| Giles | 0.34% | 0.35% | 0.35% | 0.35% | -1.3% | 0.35% |
| Grainger | 0.10% | 0.16% | 0.13% | 0.12% | 8.5% | 0.13% |
| Greene | 0.89% | 0.88% | 0.88% | 0.86% | 2.0% | 0.88% |
| Grundy | 0.08% | 0.10% | 0.09% | 0.10% | -2.2% | 0.09% |
| Hamblen | 1.01% | 1.03% | 1.02% | 1.03% | -0.9% | 1.02% |
| Hamilton | 6.13% | 6.00% | 6.07% | 6.08% | -0.2% | 6.07% |
| Hancock | 0.02% | 0.05% | 0.04% | 0.02% | 58.2% | 0.03% |
| Hardeman | 0.20% | 0.23% | 0.22% | 0.22% | -2.0% | 0.22% |
| Hardin | 0.29% | 0.38% | 0.34% | 0.33% | 0.6% | 0.34% |
| Hawkins | 0.49% | 0.55% | 0.52% | 0.54% | -3.3% | 0.52% |
| Haywood | 0.19% | 0.24% | 0.22% | 0.22% | -1.1% | 0.22% |
| Henderson | 0.31% | 0.29% | 0.30% | 0.31% | -2.7% | 0.30% |
| Henry | 0.39% | 0.41% | 0.40% | 0.41% | -1.7% | 0.40% |
| Hickman | 0.12% | 0.19% | 0.15% | 0.13% | 15.7% | 0.15% |
| Houston | 0.06% | 0.07% | 0.06% | 0.06% | -1.6% | 0.06% |
| Humphreys | 0.23% | 0.24% | 0.23% | 0.24% | -2.0% | 0.23% |

**Table 3. Combined TACIR/CBER Fiscal Capacity Index
and Index Used in the FY 2009 Basic Education Program Model**

| County | FY 09 Fiscal Capacity Index | | Comparison of FY 08 and FY 09 | | | |
|------------|-----------------------------|--------|-------------------------------|------------------------------|-----------------|-----------------------------------|
| | TACIR | CBER | Combined (50/50) | FY 08 Combined (50/50) | % Difference | Index Used in BEP ¹ |
| Jackson | 0.07% | 0.09% | 0.08% | 0.08% | -2.0% | 0.08% |
| Jefferson | 0.45% | 0.65% | 0.55% | 0.52% | 5.9% | 0.55% |
| Johnson | 0.09% | 0.17% | 0.13% | 0.10% | 26.6% | 0.13% |
| Knox | 8.14% | 8.00% | 8.07% | 8.07% | 0.0% | 8.07% |
| Lake | 0.04% | 0.05% | 0.04% | 0.04% | 2.0% | 0.04% |
| Lauderdale | 0.20% | 0.22% | 0.21% | 0.21% | -2.8% | 0.21% |
| Lawrence | 0.43% | 0.43% | 0.43% | 0.44% | -3.5% | 0.43% |
| Lewis | 0.08% | 0.11% | 0.09% | 0.09% | -1.3% | 0.09% |
| Lincoln | 0.34% | 0.36% | 0.35% | 0.35% | 0.2% | 0.35% |
| Loudon | 0.60% | 0.84% | 0.72% | 0.68% | 6.0% | 0.72% |
| McMinn | 0.69% | 0.77% | 0.73% | 0.73% | 0.0% | 0.73% |
| McNairy | 0.27% | 0.24% | 0.26% | 0.26% | 0.1% | 0.26% |
| Macon | 0.21% | 0.22% | 0.22% | 0.22% | 1.1% | 0.22% |
| Madison | 1.86% | 1.81% | 1.83% | 1.88% | -2.7% | 1.83% |
| Marion | 0.33% | 0.39% | 0.36% | 0.36% | 0.6% | 0.36% |
| Marshall | 0.36% | 0.37% | 0.36% | 0.37% | -2.3% | 0.36% |
| Maury | 1.10% | 1.23% | 1.17% | 1.18% | -0.9% | 1.17% |
| Meigs | 0.06% | 0.11% | 0.08% | 0.07% | 17.8% | 0.08% |
| Monroe | 0.43% | 0.59% | 0.51% | 0.48% | 5.5% | 0.51% |
| Montgomery | 2.47% | 2.04% | 2.26% | 2.19% | 3.0% | 2.26% |
| Moore | 0.06% | 0.09% | 0.07% | 0.07% | 9.1% | 0.07% |
| Morgan | 0.07% | 0.14% | 0.10% | 0.10% | 10.4% | 0.10% |
| Obion | 0.45% | 0.41% | 0.43% | 0.44% | -3.6% | 0.43% |
| Overton | 0.16% | 0.18% | 0.17% | 0.17% | -1.4% | 0.17% |
| Perry | 0.06% | 0.08% | 0.07% | 0.08% | -1.9% | 0.07% |
| Pickett | 0.03% | 0.06% | 0.05% | 0.03% | 35.4% | 0.04% |
| Polk | 0.12% | 0.17% | 0.14% | 0.14% | 1.8% | 0.14% |
| Putnam | 1.11% | 1.11% | 1.11% | 1.10% | 1.1% | 1.11% |
| Rhea | 0.28% | 0.35% | 0.31% | 0.32% | -1.2% | 0.31% |
| Roane | 0.64% | 0.76% | 0.70% | 0.66% | 5.7% | 0.70% |
| Robertson | 0.78% | 0.83% | 0.80% | 0.79% | 1.9% | 0.80% |
| Rutherford | 3.79% | 3.80% | 3.80% | 3.73% | 1.8% | 3.80% |
| Scott | 0.17% | 0.22% | 0.20% | 0.19% | 1.4% | 0.20% |
| Sequatchie | 0.10% | 0.15% | 0.13% | 0.11% | 14.0% | 0.13% |
| Sevier | 2.23% | 2.95% | 2.59% | 2.49% | 4.2% | 2.59% |
| Shelby | 19.50% | 15.59% | 17.55% | 18.02% | -2.7% | 17.55% |
| Smith | 0.18% | 0.19% | 0.19% | 0.19% | -3.8% | 0.19% |
| Stewart | 0.09% | 0.13% | 0.11% | 0.10% | 9.2% | 0.11% |
| Sullivan | 2.57% | 2.58% | 2.57% | 2.60% | -1.0% | 2.57% |
| Sumner | 2.04% | 2.18% | 2.11% | 2.06% | 2.5% | 2.11% |
| Tipton | 0.48% | 0.56% | 0.52% | 0.51% | 1.3% | 0.52% |
| Trousdale | 0.06% | 0.07% | 0.06% | 0.06% | -1.1% | 0.06% |
| Unicoi | 0.17% | 0.19% | 0.18% | 0.18% | 3.3% | 0.18% |

**Table 3. Combined TACIR/CBER Fiscal Capacity Index
and Index Used in the FY 2009 Basic Education Program Model**

| County | FY 09 Fiscal Capacity Index | | | Comparison of FY 08 and FY 09 | | |
|--------------|-----------------------------|-------------|---------------------|-------------------------------|-----------------|-----------------------------------|
| | TACIR | CBER | Combined (50/50) | FY 08 Combined (50/50) | % Difference | Index Used in BEP ¹ |
| Union | 0.07% | 0.16% | 0.12% | 0.09% | 35.1% | 0.11% |
| Van Buren | 0.03% | 0.05% | 0.04% | 0.04% | 20.7% | 0.04% |
| Warren | 0.48% | 0.48% | 0.48% | 0.48% | -1.0% | 0.48% |
| Washington | 1.85% | 1.99% | 1.92% | 1.92% | 0.1% | 1.92% |
| Wayne | 0.08% | 0.13% | 0.11% | 0.09% | 11.8% | 0.11% |
| Weakley | 0.32% | 0.31% | 0.32% | 0.32% | -2.6% | 0.32% |
| White | 0.21% | 0.26% | 0.23% | 0.23% | 0.7% | 0.23% |
| Williamson | 4.57% | 4.57% | 4.57% | 4.40% | 4.0% | 4.57% |
| Wilson | 1.71% | 1.76% | 1.73% | 1.66% | 4.6% | 1.73% |
| Total | 100% | 100% | 100% | 100% | | 100% |

Sources: TACIR, UT CBER, and TN Department of Education

¹ The difference between last year's fiscal capacity and this year's fiscal capacity is capped at 30%.