

# Chalkboard

By

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This has to be one of the worst schemes of which I have heard. It smacks of coercion or at least skirting around some Arkansas state constitutional issues. It's a plan to fund at least part of the school facilities issue.

Don't be worried about my being so critical of the plan. I know the author fairly well and he has equal portions of being thick-skinned and thickheaded.

As you may remember, a team of experts put the price tag on fixing the Priority 1 immediate needs of school buildings in the state at \$86,666,989. This cost was to bring all buildings to a standard of "Safe, Dry, and Healthy". No real suggestions were provided as to where to obtain these funds.

However, the Arkansas Department of Education just released the 2003-04 Annual Statistical Report of school districts in the state. It is dated because the 2004 school elections and some school consolidations have happened since the timeframe of that report. You still might want to check it out under "What's New" on their website at <http://arkedu.state.ar.us/>.

Amongst all the data shown are two columns pertinent, in my opinion, to this crazy scheme referenced above. One column is headed "Assessed Value"; the other is titled "Debt Service Mills". A prudent observer notices immediately that the numbers shown in both columns varies greatly for the schools. The lowest assessed value was \$4,602,165 and the highest was \$2,367,693,485. The lowest debt service millage rate was 0 and the highest was 25.3. In fact, 20 districts showed 0 debt service mills. About 150 districts showed a rate less than the state average of 8.62 mills.

I note that debt service mills are for generating funds to make bond payments on bonds that are generally sold to build or renovate school buildings within the respective school district. You will also want to consider that the voters of each local school district at the annual school election set the number of debt service mills. Restated, local school district voters have always had the option of voluntarily taxing themselves to maintain sound facilities.

How can you determine how much revenue is generated by each district's respective debt service millage rate? Multiplying the assessed

value by the number of mills and then by .001 (a mill equals 1/10 of a cent) derives how much revenue is generated. You mathematicians will immediately deduce that increasing the value of either factor increases the product. Restated, increase either the millage rate or the assessed value and you will increase the amount of money available to service the debt or available to incur new debt for building or renovation projects.

Now comes the hair-brained scheme. What if every district in the state had to have the same debt service rate? (Because I am at Gentry, I will set that hypothetical rate at 15 mills for debt service, which is the rate our district has. Never mind calculating the effective rate and all that such entails, such is too complicated for this article. Forget collection percentages for the same reason. For the record, yes, we are located in lovely Northwest Arkansas. But also reflect on the fact that Gentry's free and reduced lunch rate is over 50%.)

What would happen if every district had to have 15 mills for debt service? The answer is an additional \$151,797,741 dollars in yearly revenue.

Okay, now for the coercion part. As it stands now, the state is forbidden to directly collect property taxes for schools. Only local districts can do that. But, the Supreme Court has said that education is a function of the state not the local district. But also, many of the **local districts** have understandably said, "Don't consolidate us, we have a good school and we want to keep it."

So, what is to keep the **state** from saying, "Okay, you can keep your schools, you probably govern them better than we could anyway. But remember the state has this mandate to ensure equity and equality for all the state's students not just yours. So what we want all of you districts to do is raise your debt service mills to 15 and share any excess revenue with the other school districts in the state whose needs are greater than your. Sure, we know all of you will not be adding equal amounts to the pool, but all of you will be making the same effort. Tax yourself and be willing to share with those whose assessed value is less than yours- they want to keep their school too but they just don't have the local resources to do so. If you aren't willing to do your fair share, then don't be fussing when we do whatever we have to do to carry out the court's order."

I told you it was a crazy scheme. Trust me, it would never work anywhere but on paper. But it does have at least two viable points that might become part of somebody's real plan. Here are those two companion points and neither will work without the other.

Number one-every district's patrons should have to make an equal effort with regard to property taxes, millage rates, and debt service. There is no way that it would be fair to ignore the fact that many districts have patrons who have been willing to tax themselves to keep their district's facilities up to par.

Number two-there must be acceptance that wealth will have to be redistributed to school districts in some manner around the state. It should not matter to anyone that each area's dollar contribution to the whole pot would differ. Nor should it matter which area or areas is on the receiving end of the money. There is no debate; education is a responsibility of the state.

It will have to be kept in mind that the need for revenue for new construction in growth areas will be as pressing a need as renovation elsewhere. Money will have to flow to where the need is, not necessarily where it is being generated.

Any good plan should have a mission statement. I will borrow mine from a gentleman facing a similar problem. *"But my intention is very far from being confined to provide only for the children of professed beggars; it is of a much greater extent, and shall take in the whole number of infants at a certain age who are born of parents in effect as little able to support them as those who demand our charity in the streets."*