

Fiscal capacity estimates the ability of a county to contribute financially to K-12 education.

Fiscal capacity is calculated for 95 counties.

Since fiscal capacity is calculated at the county level, the fiscal capacity for city and special school districts is the same as that of the county in which they are located. For example, the fiscal capacity for Elizabethton City Schools is the same as that for Carter County Schools.

Two formulas are used to calculate fiscal capacity.

TACIR

(Tennessee Advisory Commission on Intergovernmental Relations)

Boyd Center

(Boyd Center for Business and Economic Research)

Variables used:

- Local revenue per pupil
- Sales tax base per pupil
- Property tax base per pupil
- Per capita income
- Residential and farm ratio
- Percent ADM

Variables used:

- Statewide average property tax rate
- County property tax base
- Statewide average sales tax rate for education
- County sales tax base

The two formulas are averaged to create a final fiscal capacity for each county.

A county's fiscal capacity is affected by changes within the county, such as a change in the sales tax or property tax base. A county's fiscal capacity is also affected by changes in all other counties. Because each county's share is a portion of the statewide whole, changes that lower one county's fiscal capacity result in an increase in fiscal capacity for other counties.

Fiscal capacity index

Lower fiscal capacity

Higher fiscal capacity

Counties contribute less local funds

Counties contribute more local funds