TENNESSEE AND ITS CHILDREN

UNMET NEEDS 2001

Tennessee Commission on Children and Youth
Tennessee KIDS COUNT
Andrew Johnson Tower, 9th Floor
710 James Robertson Parkway
Nashville, TN 37243-0800

(615) 741-2633
(800) 264-0904
Fax: (615) 741-5956
E-mail: pbrown3@mail.state.tn.us
www.state.tn.us/tccy

Permission is granted to reproduce any portion of this publication.
The State of Tennessee is an equal opportunity, equal access, affirmative action employer.

Preface

Last summer, a friend told me a story that played a significant role in spurring the creation of this publication. The story goes like this:

> A group of stereotypical "soccer moms," gathered for a match, were celebrating the failure of the state legislature to reform and pass a state income tax.
>
> Talk then turned to another subject: the state of the county's schools. The mothers, who live in the richest county in Tennessee, began to bemoan the sorry state of their county's school system, considered one of the better in Tennessee. The moms were dismayed by the poor selection of foreign language, art, music, drama, etc., classes available in the middle schools. Well-traveled and not Tennessee natives, they said that the selection was more limited than any place they had ever lived.

This story typifies the lack of understanding that many Tennesseans have about the impact of the state tax structure and its chronic revenue shortages on the programs and services provided in this state. As a result, the Tennessee Commission on Children and Youth began preparation of this report to try to help others understand how we are failing our children.

As a native Tennessean, it is heartbreaking year after year to report that outcomes and other measures related to Tennessee children often rank at or near the bottom nationally. As we have explored some of the reasons for this, too frequently they come back to the issue of funding. Education and other services for children in Tennessee simply have a legacy of underfunding.

As I listened to the outcry against tax reform, I often thought about a quote that is generally attributed to former Representative John Bragg from Murfreesboro, who chaired the House Finance Ways and Means Committee for many years until his retirement. Representative Bragg was an advocate for a state income tax, and observed, "Show me a Tennessean who thinks he is over-taxed, and I will show you a native."

People who have lived in other states know that an income tax is not the end of the world and, in many instances, has provided the revenue needed for basic programs and services, like foreign languages, to prepare children to compete in a global economy.

Study after study comes to the same conclusion: the tax structure in Tennessee is inadequate and produces chronic problems. Likewise, study after study concludes that Tennessee needs an income tax to provide a balanced approach to revenue that grows with the economy.

As a child advocate, for many years my focus had exclusively been on programs and services for children in Tennessee. However, as a parent of a high school senior, the past year talk of colleges has occupied a significant amount of time at our house. As we considered college options and reviewed national rankings, I was dismayed with many of our findings.

When I went to college, attendance at the "best" public university in the state was the course for me and for my siblings, since my parents could not see any reason to pay out-of-state tuition for other

states' schools that were not ranked significantly better than those in Tennessee. I espoused the same attitude to my daughter. Then I experienced horror when I realized that virtually every flagship university in the Southeast is ranked higher than the top-ranked university in this state, my alma mater, the University of Tennessee.

At a presentation to a group of non-profit organizations last summer, Tennessee State Treasurer Steve Adams observed that the public university academic ranking of the University of Tennessee was 44th, and that if the ranking of the University of Tennessee football team were that bad, "There would be blood in the streets." Unfortunately, Tennesseans are not sufficiently concerned about the academic ranking. As a U.T. football fan, I am certainly glad the team is better than others in the Southeastern Conference, but as a parent I am now deeply troubled by how far the reputation of higher education in Tennessee has fallen below other public universities in the South.

And as someone concerned about and committed to the future of Tennessee, I am distressed about the general state of higher education. Even those who do not have children, grandchildren, nieces, nephews, or neighbors whose college education is important to them should be concerned about higher education. A strong higher education system is crucial for future economic development. Perhaps more important, especially if you do not have family or friends to care for you when you are old and infirm, you will rely on the products of Tennessee's high schools, colleges, and universities to meet your needs when you can no longer meet them yourself.

Some people wonder if the fact that only four other Southern states have lower percentages of adults older than age 25 with at least a high school diploma or with a college degree adversely influences our emphasis on education, and especially higher education. However, my personal experience, and I believe the experience of countless other Tennesseans, is that many parents who did not go to college still want their children to have the opportunity to attend.

Discussions in a Senate committee meeting in late January 2001 highlighted the lack of affordability of college for many families in the 47 poorest counties in the state where annual college costs would be about 10 percent of median household income. In response to a suggestion that education is simply not a priority in the family budget, Senator Bob Rochelle responded: "That's like saying folks in these counties don't like filet mignon. They're not going (to college) because they can't afford it."

A bright future for Tennessee truly depends on improving the quality of life for our children today. Are we failing our children in Tennessee? Perhaps "failing" is too harsh, but certainly we are not even remotely doing all that we should or could to ensure that they have the best opportunities possible to become productive citizens who can compete in the global economy. A state that ranks 33rd in per capita income is far too wealthy to rank in the lower 40s on spending measures for education and other services.

We Tennesseans may live in a low tax state, but, since we get what we pay for, we give our children substantially less than they deserve. Inadequate services have the potential to cause Tennessee children to be left behind, not only left behind other children in the nation, but other children in the south. That is simply too high a price to pay. We must do more for the children of Tennessee, for they truly are our future.

Linda O'Neal
Executive Director
July 27, 2001

Acknowledgments

Tennessee KIDS COUNT Director – Pam Brown
TCCY Executive Director and Executive Editor – Linda O'Neal
Tennessee KIDS COUNT Research Analysts – Isaac Nwaise, Brian Grove, and Edwina Chappell
Writers – Pam Brown, Fay L. Delk, Steve Petty, Debbie Wynn, and Linda O'Neal
Layout – Fay L. Delk

Special thanks to:
Steve Adams, Tennessee State Treasurer
John Morgan, Comptroller of the Treasury, State of Tennessee
William F. Fox, University of Tennessee, Knoxville, Center for Business and Economic Research
Ronnie Steinberg, Women's Institute for Policy Studies, Vanderbilt University
Tennessee Advisory Commission on Intergovernmental Relations
Tennessee Higher Education Commission
Printing funded by the Annie E. Casey Foundation.

Tennessee Commission On Children and Youth

The Tennessee Commission on Children and Youth (TCCY) is an independent state agency advocating for improvement in the quality of life of children and families. To fulfill this mission, TCCY collects and disseminates information on children and families for the planning and coordination of policies, programs, and services; administers and distributes funding for teen pregnancy prevention programs and for improvements in juvenile justice; and evaluates the delivery of services to children in state custody.

Members of the Tennessee Commission on Children and Youth

Betty Cannon, Chair, Nashville

Angi Agle, Oak Ridge
Betty Anderson, Covington
Kimalishea Anderson, Knoxville
Shirlene Booker, Gray
P. Larry Boyd, Rogersville
Rebecca G. Dove, Springfield
Jim Ford, Franklin
Kandenna Greene, Goodlettsville
Johnny W. Horne, Chattanooga
Drew Johnson, Nashville
Jim Kidd, Fayetteville
Mary Lee, Dickson
Christy Little, Jackson
Alisa Malone, Franklin
Jerry Maness, Memphis
Sharon T. Massey, Clarksville
Linda Miller, Memphis
Suzan Mitchell, Johnson City
John Rambo, Johnson City
Mary Kate Ridgeway, Paris
James Stewart, Jackson

Tennessee Moments in 2000

Every 28 minutes a baby was born into poverty.
Every 21 minutes a baby was born to an unmarried mother.
Every 43 minutes a baby was born to a teenage mother.
Every 3 hours a baby was born to a mother receiving late or no prenatal care.
Every hour a baby was born at low-birth-weight.
Every 14 hours a baby died during the first year of life.
Every 53 seconds a public school student was suspended from school.
Every 2 minutes a public school student was corporally punished in school.
Every 49 minutes a child was reported abused or neglected.
Every 23 hours a child or youth died by accident.
Every day a child or youth died in an auto accident.
Every 4 days a child or youth was murdered.
Every 8 days a child or youth committed suicide.
Every 3 days a child or youth was killed by a firearm.

From the Children's Defense Fund

Table of Contents

A Three-Star View ii
Indicators of Child Well-Being 1

Unmet Education and Training Needs 11
Early Childhood Education 12
K-12 Education 15
Higher Education 19
An Industrial Recruiter's View 22
Digital Divide 23

Unmet Health Care Needs 27
TennCare 28
Physical Health of Tennessee's Children 31

Unmet Resource Needs 35
Income and Poverty 36
Tennessee's Economic Deficit 41
Tax Reform 46
A Three-Star View 58

Tennessee Can Do Better 59

References 63

★★★A Three-Star View★★★

from C. Warren Neel, Commissioner of the Tennessee Department of Finance and Administration. Copyrighted by *The* (Nashville) *Tennessean, July 12, 2001*.

Our problem in Tennessee is not overspending; it is underspending on the kids

There's a daily debate in Tennessee about whether our state has a spending problem or a revenue problem.

My answer is, we have both.

We have a spending problem in that we spend less per capita to educate our children than every other state in the union except Mississippi and Hawaii.

We have a spending problem in that we are the only state in the Southeast that puts zero dollars toward a statewide reading initiative to prepare our children for school and to help them become better readers.

We have a spending problem in that we, for the past two years, have been spending one-time funds to cover yearly recurring expenses.

We've turned to one-time funds because we have a regressive sales-tax system in Tennessee that is unable to keep up with the demands of our rapidly growing population

That's like trying to feed, clothe and house a growing family today on the same salary you earned 10 years ago.

You could probably do it, but you'd have to shortchange the children when it comes to their health care, their education and the food they eat.

Chances are, if you've worked hard to sock away money in a savings account, you could maintain your lifestyle for a while. But once the savings are gone, what are your choices?

Most Americans find a way to earn a living that affords them the modern necessities. I know very few people who consciously and willingly strive to give their families the very least they can. Most people do whatever they can do to increase their family incomes, move up to better homes and give their children more advantages than what they themselves enjoyed as children.

Why should we expect less from our government? Why should Tennessee be content to be 50th in taxation when it means remaining last or near the bottom in every other category, namely education?

The National Governor's Association's recent Fiscal Survey of States is correct.

The budget that Gov. Don Sundquist proposed this year is 9.2 percent higher than last year's. It would have been less than 6 percent higher, including improvements, had we not first had to fill the budgetary hole caused by last year's decision to use one-time expenditures and artificially inflated revenue projections.

But we did have to fill that hole, a hole that's three times larger than the cost of the Governor's reading initiative.

During the last seven years, states all across the country have enjoyed unprecedented growth. Many have experienced budget surpluses, allowing them to cut taxes and invest more in their states.

Meanwhile, Tennessee's investments in education and the like have fallen behind because our tax system barely affords us the status quo.

Despite nearly eight years of tax cuts in other states Tennessee remains 50th in taxation.

Meanwhile, our state government spending is growing at a slower rate than at any time in the last 25 years.

Since 1975, the spending growth rate for state appropriations in Tennessee has been cut in half, going from an average growth of 13.9 percent two decades ago to an average of 7.2 percent during the Sundquist administration, including fiscal year 2002.

That cut in growth came in large part thanks to the advent of TennCare, which has saved this state about $2 billion since its inception.

If spending money on improving education, health care and caring for our children is considered a spending problem, then the Sundquist administration is guilty as charged.

INDICATORS OF CHILD WELL-BEING

GETTING TENNESSEE UP TO "GOOD ENOUGH"

Indicators of Child Well-Being

For many Tennesseans finding work has never been easier; with a national unemployment rate of 4.4 percent, Tennessee boasts a rate of 4.1 percent (Tennessee Department of Labor and Workforce Development, May 2001). This leaves many Tennesseans with a sense of well-being. However, too many Tennessee families do not share in the increased prosperity. A lack of access to quality child care, computers, health care, housing, and adequately paying jobs creates a gap in unmet needs.

It is difficult to put a dollar sign on the overall economic losses for Tennessee when there are unmet needs for children and families. What we do know is that these unmet needs create a gap between the rest of the nation and us, with Tennessee children and families falling short in resources.

This publication attempts to identify the areas where Tennessee falls short and to identify potential economic outcomes for the state. What happens when Tennessee fails to support its children and families? At best the future for Tennessee becomes less certain.

Tennessee consistently ranks near the bottom on many of the national KIDS COUNT indicators, having an overall ranking of 43th in 2001 (*KIDS COUNT 2001 Data Book)*. Table 1 shows the history of Tennessee rankings and rates since 1990. Improvements in outcomes for Tennessee children are necessary for the state to rise substantially in the rankings. Analysis of the data provides guidance regarding the levels of improvement that would be required.

Additional tables in this section present the improvements in outcomes, which usually means reductions in negative outcomes, needed to improve Tennessee's individual indicator rankings. Table 2 shows the reductions that would be required for Tennessee to equal the highest rank of any state in the 2001 rankings. Table 3 presents the reductions for the highest national ranking on a county-by-county basis.

Though the reductions required to equal the best national outcomes sometimes appear staggering, they are presented for a purpose. When parents have a newborn child, they always aspire for their child to have and to be the best. Their dream is not that the child will be average. However, as we strive for better outcomes for Tennessee children, even attaining the national average on these indicators would be great progress.

Consequently, Table 4 shows the reductions that would be required for Tennessee to reach the national average on individual KIDS COUNT indicators, and Table 5 presents these reductions on a county-by-county basis.

The reductions required to equal the national average on individual KIDS COUNT indicators appear much more attainable and should in fact become a realistic goal for every county in Tennessee and the state as a whole. When we improve to the national average on KIDS COUNT indicators, then we can set our sights higher and work toward even better outcomes.

Even the state with the highest ranking (No. 1)/best outcomes wants to do better for its children. Those of us at the bottom should have greater motivation for improvement.

Table 1
Tennessee Rates and Ranks By Indicators, 1990-98

Year	Percent of Low-Birth-Weight Babies		Infant Mortality Rate		Child Death Rate	
	data	rank	data	rank	data	rank
1990	8.2	*44*	10.3	*41*	35	*36*
1991	8.8	*47*	10.0	*39*	35	*39*
1992	8.5	*44*	9.4	*37*	32	*35*
1993	8.8	*47*	9.4	*39*	32	*35*
1994	8.8	*45*	8.9	*40*	33	*42*
1995	8.7	*44*	9.3	*43*	32	*37*
1996	8.8	*45*	8.5	*39*	30	*32*
1997	8.8	*41*	8.6	*41*	30	*39*
1998	9.1	*46*	8.2	*36*	27	*31*

Year	Rate of Teen Deaths by Accident, Homicide, and Suicide		Teen Birth Rate		Percent of Children Living with Parents Who Do Not Have Full-Time, Year-Round Employment	
	data	rank	data	rank	data	rank
1990	75	*30*	45	38	35	42
1991	81	*36*	48	41	36	44
1992	77	*36*	45	40	35	40
1993	84	*39*	43	38	34	41
1994	91	*43*	43	37	32	36
1995	90	*44*	42	38	29	27
1996	81	*40*	40	38	27	20
1997	77	*43*	39	40	26	19
1998	79	*45*	38	40	24	18

Year	Percent of Teens Who Are High School Dropouts		Percent of Children in Poverty	
	data	rank	data	rank
1990	13	42	22	39
1991	13	44	n.a.	n.a.
1992	12	41	n.a.	n.a.
1993	11	36	n.a.	n.a.
1994	10	31	26	39
1995	11	34	n.a.	n.a.
1996	13	44	22	34
1997	13	45	21	34
1998	12	41	19	32

Source: 2001 KIDS Count Data Book: State Profiles of Child Well-Being, The Annie E. Casey Foundation.

Table 2

Required Reduction for Tennessee Based on 1998 Data To Equal Highest Rank

Indicators	Low-Birth-Weight Babies [1]	Infant Mortality [1]	Child Death Rate [2]	Teen Deaths by Accident, Homicide and Suicide [3]	Teen Birth Rate [4]	Children Living with Parents Who Do Not Have Full-Time, Year-Round Employment [6]	Teens Who Are High School Dropouts [5]	Children in Poverty [6]
Tennessee Rank, 1998	46	36	31	45	40	18	41	32
Tennessee Rate, 1998	9.1	8.2	27	79	38	24	12	19
Rate for Top State, 1998	5.4	4.4	11	33	11	16	5	10
Tennessee Indicator Volume, 1998	7,008	635	280	305	4,196	346,000	37,000	258,300
Indicator-Based Population, 1998	77,334	77,334	1,071,011	376,965	109,859	1,446,889	301,395	1,446,889
Required Reduction in Volume	***2,832***	***295***	***162***	***181***	***2,988***	***114,498***	***21,930***	***113,611***
Percent (%) of Reduction Required	***40.4***	***46.4***	***57.9***	***59.2***	***71.2***	***33.1***	***59.3***	***44.0***

Source: 2001 KIDS Count Data Book: State Profiles of Child Well-Being, The Annie E. Casey Foundation.

Population Based on:
1) Total Number of Births
2) Total Number of Children Ages 1-14
3) Total Number of Teens Ages 15-19
4) Total Number of Females Ages 15-17
5) Total Number of Teens Ages 16-19
6) Total Number of Children Ages 0-18

Table 3a
How to Improve Tennessee's Nationwide Ranking for Selected 1998 Indicators To Equal Highest Rank

	Low-Birth-Weight Babies	Infant Mortality **	Child Deaths***	Teen Violent Deaths***	Teen Birth Rate**
Tennessee Rate:	9.1 percent	8.2 per 1,000	27 per 100,000	79 per 100,000	38 per 1,000
Top State Rate:	5.4 percent	4.4 per 1,000	11 per 100,000	33 per 100,000	11 per 1,000
Current Volume:	7,008	635	280	305	4,196
Targeted Volume:	4,177	340	118	124	1,208

	Low-Birth-Weight Babies		Infant Mortality **		Child Deaths***		Teen Violent Deaths***		Teen Birth Rate**	
County	1998 Data	Needed Reduction	1998 Data	Needed Reduction	1998 Data	Needed Reduction	1998 Data	Needed Reduction	1998 Data	Needed Reduction
Anderson	74	30	6	3	1	1	6	4	49	35
Bedford	50	20	7	3	0	0	3	2	36	26
Benton	7	3	2	1	2	1	2	1	14	10
Bledsoe	9	4	2	1	2	1	1	1	11	8
Blount	91	37	6	3	1	1	3	2	54	38
Bradley	98	40	4	2	5	3	5	3	58	41
Campbell	49	20	3	1	5	3	1	1	33	23
Cannon	8	3	2	1	1	1	2	1	8	6
Carroll	26	11	1	0	1	1	4	2	18	13
Carter	56	23	2	1	2	1	4	2	22	16
Cheatham	37	15	3	1	1	1	2	1	22	16
Chester	14	6	5	2	1	1	1	1	8	6
Claiborne	40	16	3	1	1	1	3	2	12	9
Clay	6	2	1	0	0	0	0	0	2	1
Cocke	31	13	5	2	0	0	2	1	24	17
Coffee	70	28	5	2	2	1	4	2	45	32
Crockett	14	6	1	0	1	1	1	1	9	6
Cumberland	38	15	3	1	3	2	5	3	25	18
Davidson	830	335	68	32	20	12	25	15	451	321
Decatur	8	3	1	0	1	1	0	0	7	5
DeKalb	13	5	1	0	1	1	1	1	17	12
Dickson	42	17	0	0	3	2	1	1	26	19
Dyer	36	15	3	1	4	2	2	1	41	29
Fayette	53	21	0	0	4	2	3	2	31	22
Fentress	8	3	1	0	2	1	2	1	8	6
Franklin	40	16	5	2	1	1	2	1	22	16
Gibson	48	19	3	1	2	1	4	2	39	28
Giles	32	13	1	0	2	1	2	1	24	17
Grainger	17	7	2	1	1	1	0	0	20	14
Greene	58	23	5	2	3	2	3	2	46	33
Grundy	21	8	1	0	1	1	3	2	10	7
Hamblen	56	23	1	0	4	2	0	0	52	37
Hamilton	371	150	28	13	10	6	14	8	230	164
Hancock	3	1	0	0	0	0	1	1	1	1
Hardeman	39	16	5	2	0	0	0	0	35	25
Hardin	25	10	3	1	0	0	2	1	12	9
Hawkins	48	19	2	1	3	2	4	2	34	24
Haywood	26	11	4	2	0	0	1	1	20	14
Henderson	29	12	4	2	2	1	3	2	21	15
Henry	40	16	2	1	1	1	1	1	26	19
Hickman	19	8	1	0	2	1	2	1	10	7
Houston	7	3	0	0	0	0	0	0	9	6
Humphreys	20	8	0	0	0	0	3	2	13	9
Jackson	8	3	0	0	0	0	0	0	6	4
Jefferson	31	13	1	0	0	0	1	1	23	16
Johnson	13	5	1	0	1	1	0	0	11	8
Knox	427	173	25	12	12	7	17	10	170	121
Lake	9	4	2	1	0	0	0	0	5	4
Lauderdale	57	23	4	2	1	1	5	3	46	33
Lawrence	40	16	5	2	3	2	3	2	37	26
Lewis	12	5	1	0	0	0	0	0	7	5
Tennessee	7,024	**2,838**	634	**294**	279	**162**	305	**181**	4,183	**2,978**

* By county data based on Tennessee 2000 Kids Count book.

** per 1,000

*** per 100,000

Sources: Targeted rates - 2001 Kids Count Book, The Annie E. Casey Foundation.

Table 3b

How to Improve Tennessee's Nationwide Ranking for Selected 1998 Indicators To Equal Highest Rank

	Low-Birth-Weight Babies		Infant Mortality **		Child Deaths***		Teen Violent Deaths***		Teen Birth Rate**	
Tennessee Rate:	9.1 percent		8.2 per 1,000		27 per 100,000		79 per 100,000		38 per 1,000	
Top State Rate:	5.4 percent		4.4 per 1,000		11 per 100,000		33 per 100,000		11 per 1,000	
Current Volume:	7,008		635		280		305		4,196	
Targeted Volume:	4,177		340		118		124		1,208	
	Low-Birth-Weight Babies		Infant Mortality**		Child Deaths***		Teen Violent Deaths***		Teen Birth Rate**	
County	1998 Data	Needed Reduction	1998 Data	Needed Reduction	1998 Data	Needed Reduction	1998 Data	Needed Reduction	1998 Data	Needed Reduction
Lincoln	29	12	3	1	2	1	1	1	17	12
Loudon	30	12	1	0	1	1	5	3	20	14
Macon	21	8	4	2	1	1	2	1	15	11
Madison	103	42	10	5	6	3	5	3	72	51
Marion	27	11	1	0	0	0	2	1	22	16
Marshall	24	10	2	1	0	0	2	1	14	10
Maury	81	33	5	2	3	2	4	2	61	43
McMinn	62	25	3	1	4	2	3	2	32	23
McNairy	21	8	3	1	3	2	3	2	14	10
Meigs	14	6	1	0	1	1	1	1	10	7
Monroe	44	18	2	1	5	3	1	1	42	30
Montgomery	196	79	25	12	10	6	6	4	81	58
Moore	2	1	0	0	0	0	0	0	1	1
Morgan	30	12	2	1	0	0	1	1	8	6
Obion	37	15	5	2	2	1	1	1	10	7
Overton	13	5	1	0	1	1	1	1	10	7
Perry	9	4	0	0	0	0	0	0	6	4
Pickett	4	2	0	0	0	0	0	0	7	5
Polk	17	7	3	1	2	1	1	1	8	6
Putnam	56	23	8	4	0	0	2	1	32	23
Rhea	48	19	3	1	3	2	3	2	20	14
Roane	47	19	2	1	0	0	1	1	33	23
Robertson	51	21	7	3	5	3	1	1	44	31
Rutherford	209	84	22	10	4	2	7	4	129	92
Scott	27	11	1	0	2	1	2	1	17	12
Sequatchie	11	4	0	0	0	0	1	1	8	6
Sevier	85	34	5	2	0	0	3	2	43	31
Shelby	1712	692	204	95	72	42	42	25	1006	716
Smith	19	8	2	1	3	2	0	0	9	6
Stewart	14	6	3	1	0	0	1	1	7	5
Sullivan	148	60	12	6	5	3	3	2	68	48
Sumner	128	52	9	4	8	5	6	4	72	51
Tipton	68	27	6	3	5	3	5	3	44	31
Trousdale	7	3	0	0	0	0	3	2	5	4
Unicoi	17	7	4	2	2	1	5	3	13	9
Union	23	9	2	1	1	1	2	1	15	11
Van Buren	3	1	1	0	0	0	1	1	5	4
Warren	36	15	6	3	2	1	2	1	31	22
Washington	101	41	9	4	2	1	6	4	53	38
Wayne	10	4	2	1	1	1	1	1	10	7
Weakley	31	13	4	2	0	0	1	1	14	10
White	29	12	3	1	1	1	0	0	19	14
Williamson	107	43	4	2	4	2	4	2	29	21
Wilson	69	28	3	1	5	3	10	6	47	33
Tennessee	7,024	**2,838**	634	**294**	279	**162**	305	**181**	4,183	**2,978**

* By county data based on Tennessee 2000 Kids Count book.

** per 1,000

*** per 100,000

Sources: Targeted rates - 2001 Kids Count Book, The Annie E. Casey Foundation.

Table 4
Required Reduction for Tennessee Based on 1998 Data
To Equal National Average

Indicators	Low-Birth-Weight Babies [1]	Infant Mortality [1]	Child Death Rate [2]	Teen Deaths by Accident, Homicide and Suicide [3]	Teen Birth Rate [4]	Children Living with Parents Who Do Not Have Full-Time, Year-Round Employment [6]	Teens Who Are High School Dropouts [5]	Children in Poverty [6]
Tennessee Rank, 1998	46	36	31	45	40	18	41	32
Tennessee Rate, 1998	9.1	8.2	27	79	38	24	12	19
Rate for Nation, 1998	7.6	7.2	24	54	30	26	9	20
Tennessee Indicator Volume, 1998	7,008	635	280	305	4,196	346,000	37,000	258,300
Indicator-Based Population, 1998	77,334	77,334	1,071,011	376,965	109,859	1,446,889	301,395	1,446,889
Required Reduction in Volume	***1,131***	***78***	***23***	***101***	***900***	***None***	***9,874***	***None***
Percent (%) of Reduction Required	***16.1***	***12.3***	***8.2***	***33.3***	***21.5***	***None***	***26.7***	***None***

Source: 2001 KIDS Count Data Book: State Profiles of Child Well-Being, The Annie E. Casey Foundation.

Population Based on:
1) Total Number of Births
2) Total Number of Children Ages 1-14
3) Total Number of Teens Ages 15-19
4) Total Number of Females Ages 15-17
5) Total Number of Teens Ages 16-19
6) Total Number of Children Ages 0-18

Table 5a

How to Improve Tennessee's Nationwide Ranking for Selected 1998 Indicators To Equal National Average

	Low-Birth-Weight Babies	Infant Mortality**	Child Deaths***	Teen Violent Deaths***	Teen Birth Rate**
Tennessee Rate:	9.1 percent	8.2 per 1,000	27 per 100,000	79 per 100,000	38 per 1,000
National Rate:	7.6 percent	7.2 per 1,000	24 per 100,000	54 per 100,000	30 per 1,000
Current Volume:	7,008	635	280	305	4,196
Targeted Volume:	5,880	557	257	203	3,294

	Low-Birth-Weight Babies		Infant Mortality**		Child Deaths***		Teen Violent Deaths***		Teen Birth Rate**	
County	1998 Data	Needed Reduction	1998 Data	Needed Reduction	1998 Data	Needed Reduction	1998 Data	Needed Reduction	1998 Data	Needed Reduction
Anderson	74	12	6	1	1	0	6	2	49	11
Bedford	50	8	7	1	0	0	3	1	36	8
Benton	7	1	2	0	2	0	2	1	14	3
Bledsoe	9	1	2	0	2	0	1	0	11	2
Blount	91	15	6	1	1	0	3	1	54	12
Bradley	98	16	4	0	5	0	5	2	58	12
Campbell	49	8	3	0	5	0	1	0	33	7
Cannon	8	1	2	0	1	0	2	1	8	2
Carroll	26	4	1	0	1	0	4	1	18	4
Carter	56	9	2	0	2	0	4	1	22	5
Cheatham	37	6	3	0	1	0	2	1	22	5
Chester	14	2	5	1	1	0	1	0	8	2
Claiborne	40	6	3	0	1	0	3	1	12	3
Clay	6	1	1	0	0	0	0	0	2	0
Cocke	31	5	5	1	0	0	2	1	24	5
Coffee	70	11	5	1	2	0	4	1	45	10
Crockett	14	2	1	0	1	0	1	0	9	2
Cumberland	38	6	3	0	3	0	5	2	25	5
Davidson	830	134	68	8	20	2	25	8	451	97
Decatur	8	1	1	0	1	0	0	0	7	2
DeKalb	13	2	1	0	1	0	1	0	17	4
Dickson	42	7	0	0	3	0	1	0	26	6
Dyer	36	6	3	0	4	0	2	1	41	9
Fayette	53	9	0	0	4	0	3	1	31	7
Fentress	8	1	1	0	2	0	2	1	8	2
Franklin	40	6	5	1	1	0	2	1	22	5
Gibson	48	8	3	0	2	0	4	1	39	8
Giles	32	5	1	0	2	0	2	1	24	5
Grainger	17	3	2	0	1	0	0	0	20	4
Greene	58	9	5	1	3	0	3	1	46	10
Grundy	21	3	1	0	1	0	3	1	10	2
Hamblen	56	9	1	0	4	0	0	0	52	11
Hamilton	371	60	28	3	10	1	14	5	230	49
Hancock	3	0	0	0	0	0	1	0	1	0
Hardeman	39	6	5	1	0	0	0	0	35	8
Hardin	25	4	3	0	0	0	2	1	12	3
Hawkins	48	8	2	0	3	0	4	1	34	7
Haywood	26	4	4	0	0	0	1	0	20	4
Henderson	29	5	4	0	2	0	3	1	21	5
Henry	40	6	2	0	1	0	1	0	26	6
Hickman	19	3	1	0	2	0	2	1	10	2
Houston	7	1	0	0	0	0	0	0	9	2
Humphreys	20	3	0	0	0	0	3	1	13	3
Jackson	8	1	0	0	0	0	0	0	6	1
Jefferson	31	5	1	0	0	0	1	0	23	5
Johnson	13	2	1	0	1	0	0	0	11	2
Knox	427	69	25	3	12	1	17	6	170	37
Lake	9	1	2	0	0	0	0	0	5	1
Lauderdale	57	9	4	0	1	0	5	2	46	10
Lawrence	40	6	5	1	3	0	3	1	37	8
Lewis	12	2	1	0	0	0	0	0	7	2
Tennessee	7,024	**1,131**	634	**78**	279	**23**	305	**102**	4,183	**899**

* By county data based on Tennessee 2000 Kids Count book.

** per 1,000

*** per 100,000

Sources: Targeted rates - 2001 Kids Count Book, The Annie E. Casey Foundation.

Table 5b

How to Improve Tennessee's Nationwide Ranking for Selected 1998 Indicators To Equal National Average

	Low-Birth-Weight Babies		Infant Mortality**		Child Deaths***		Teen Violent Deaths***		Teen Birth Rate**	
Tennessee Rate:	9.1 percent		8.2 per 1,000		27 per 100,000		79 per 100,000		38 per 1,000	
National Rate:	7.6 percent		7.2 per 1,000		24 per 100,000		54 per 100,000		30 per 1,000	
Current Volume:	7,008		635		280		305		4,196	
Targeted Volume:	5,880		557		257		203		3,294	
	Low-Birth-Weight Babies		Infant Mortality**		Child Deaths***		Teen Violent Deaths***		Teen Birth Rate**	
County	1998 Data	Needed Reduction	1998 Data	Needed Reduction	1998 Data	Needed Reduction	1998 Data	Needed Reduction	1998 Data	Needed Reduction
Lincoln	29	5	3	0	2	0	1	0	17	4
Loudon	30	5	1	0	1	0	5	2	20	4
Macon	21	3	4	0	1	0	2	1	15	3
Madison	103	17	10	1	6	0	5	2	72	15
Marion	27	4	1	0	0	0	2	1	22	5
Marshall	24	4	2	0	0	0	2	1	14	3
Maury	81	13	5	1	3	0	4	1	61	13
McMinn	62	10	3	0	4	0	3	1	32	7
McNairy	21	3	3	0	3	0	3	1	14	3
Meigs	14	2	1	0	1	0	1	0	10	2
Monroe	44	7	2	0	5	0	1	0	42	9
Montgomery	196	32	25	3	10	1	6	2	81	17
Moore	2	0	0	0	0	0	0	0	1	0
Morgan	30	5	2	0	0	0	1	0	8	2
Obion	37	6	5	1	2	0	1	0	10	2
Overton	13	2	1	0	1	0	1	0	10	2
Perry	9	1	0	0	0	0	0	0	6	1
Pickett	4	1	0	0	0	0	0	0	7	2
Polk	17	3	3	0	2	0	1	0	8	2
Putnam	56	9	8	1	0	0	2	1	32	7
Rhea	48	8	3	0	3	0	3	1	20	4
Roane	47	8	2	0	0	0	1	0	33	7
Robertson	51	8	7	1	5	0	1	0	44	9
Rutherford	209	34	22	3	4	0	7	2	129	28
Scott	27	4	1	0	2	0	2	1	17	4
Sequatchie	11	2	0	0	0	0	1	0	8	2
Sevier	85	14	5	1	0	0	3	1	43	9
Shelby	1712	276	204	25	72	6	42	14	1006	216
Smith	19	3	2	0	3	0	0	0	9	2
Stewart	14	2	3	0	0	0	1	0	7	2
Sullivan	148	24	12	1	5	0	3	1	68	15
Sumner	128	21	9	1	8	1	6	2	72	15
Tipton	68	11	6	1	5	0	5	2	44	9
Trousdale	7	1	0	0	0	0	3	1	5	1
Unicoi	17	3	4	0	2	0	5	2	13	3
Union	23	4	2	0	1	0	2	1	15	3
Van Buren	3	0	1	0	0	0	1	0	5	1
Warren	36	6	6	1	2	0	2	1	31	7
Washington	101	16	9	1	2	0	6	2	53	11
Wayne	10	2	2	0	1	0	1	0	10	2
Weakley	31	5	4	0	0	0	1	0	14	3
White	29	5	3	0	1	0	0	0	19	4
Williamson	107	17	4	0	4	0	4	1	29	6
Wilson	69	11	3	0	5	0	10	3	47	10
Tennessee	7,024	**1,131**	634	**78**	279	**23**	305	**102**	4,183	**899**

* By county data based on Tennessee 2000 Kids Count book.

** per 1,000

*** per 100,000

Sources: Targeted rates - 2001 Kids Count Book, The Annie E. Casey Foundation.

UNMET EDUCATION NEEDS OF TENNESSEE'S CHILDREN

Early Childhood Education

Assisting preschool children to prepare for school should be a high priority for all Tennesseans. **Every dollar spent on quality early education for high risk children saves $7 in future expenditures for negative outcomes further down the road** (Perry/High Scope Preschool Project, 1999)**.** Some examples of expenditures include:

- ★ Need for special education services;
- ★ School dropouts;
- ★ Juvenile delinquency;
- ★ Teen pregnancy;
- ★ Long-term welfare dependency.

Many Southern states are appropriating in the tens of millions of dollars in an effort to provide children with the best possible start.

Early Childhood Education in Tennessee is focused on three- and four-year-olds who meet the poverty guidelines and are not served by a preschool program.

- ★ According to the most recent statistics, 12,000 children in Tennessee meet the criteria for Early Childhood Education.

State-Funded Preschool Programs 1999-2000

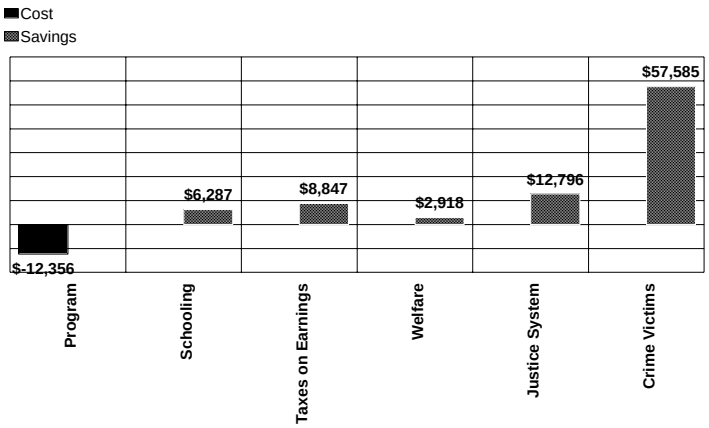
Southern Regional Education Board (SREB) States

State	Program	State Funding	Children Served
Alabama	Alabama Preschool Collaboration Project	$300,000	150
Arkansas	Arkansas Better Chance (ABC)	$6,000,000	5,200
Georgia	Prekindergarten Early Intervention Program	$224,000,000	62,500
Kentucky	Kentucky Preschool Program	$44,600,000	15,500
Louisiana	Preschool Block Grant	$67,000,000	2,600
Mississippi	Proposal is being considered by the legislature	$0	0
North Carolina	Smart Start	$220,000,000	100,000
South Carolina	Early Childhood Program	$23,200,000	165,000
Tennessee	Early Childhood Pilot Program	$6,100,000	600

Source: Southern Regional Education Board, 2000

★ A preschool system to meet the needs of all 12,000 children would cost approximately $58 million dollars, still a fraction of the $220 million our North Carolina neighbors are spending each year.

Return to Taxpayers on Per Participant Investment in a High Quality Early Childhood Program



Source: L.J. Scweinhart, H.V. Barnes, and D.P. Weikart. (1993). Significant Benefits: The High/Scope Perry Preschool Study Through Age 27 (Monographs of the High/Scope Educational Research Foundation,10). Ypsilanti, Michigan: High/Scope Press.

★ The 2000 fiscal year $3 million improvements provided 30 additional classrooms to serve the neediest of Tennessee's children. These children come from the most impoverished families and ultimately could end up costing Tennessee taxpayers several million dollars in remedial expenses if early intervention is not provided.

★ The Governor's budget requested $12 million in the fiscal year 2000-2001 state budget for the Department of Education (DOE) for early childhood education. DOE received an additional $3 million, nearly doubling the previous $3.1 million in funding. At this rate of increase, it will be 2020 before we reach $58 million and before the target group of children is fully served.

Why is the funding for early childhood education so critical to Tennessee? Recent research indicates that children who receive early quality child care and intervention go on to achieve at higher levels and become more productive citizens.

★ Children who attended child care with higher quality classroom practices had better language and math skills from the preschool years into elementary school.

★ Children with closer teacher-child relationships in child care had better classroom social and thinking skills, language ability, and math skills from the preschool years into elementary school.

★ Better quality child care has better results for children with less educated mothers.

★ Children who attended higher quality child care had better cognitive and social skills in the second grade, even after taking into account kindergarten and second grade classroom experiences.

★ Children who experienced more positive classroom climates in child care had better relationships with peers in second grade.

Although Early Childhood Education, as an area of unmet need in Tennessee, has the potential to require long-term expenditures for both families and the state, funding and implementing programs now will result in net savings and better educated children.

Research indicates the two most important factors in quality early childhood education are low worker/child ratios and adequate training of staff.

Lower worker/child ratios are scheduled for phased-in implementation in Tennessee as indicated on the chart below. Lower ratios for infants and younger children should go into effect in February 2002 and for older children in July 2003.

Indicators of a quality child care environment include:

- ★ A safe and healthy environment;
- ★ Caregivers who are nurturing and knowledgeable about children's development, and represent a stable presence in children's lives;
- ★ Small ratios of children to caregiver;
- ★ Care that affirms the child's racial, ethnic, linguistic, and cultural identity and background.

Child Care Ratios Worker/Child

Comparison of Current State Standards/U.S. Recommended Ratios

Age Group	TN Worker to Child	U.S. Recommended Ratios
Infant	1 Worker/4 Infants (2/1/02)	*1 Worker/3 infants, 0-24mo.
Toddler	1 Worker/6 Toddlers (2/1/02)	*1 Worker/4 Toddlers, 25-30mo.
Two-Year-Olds	1 Worker/7 Children (2/1/02)	*1 Worker/5 Children, 31-35 Months
Three-Year-Olds	1 Worker/9 Children (7/1/03)	*1 Worker/7 Children
Four-Year-Olds	1Worker/13 Children (7/1/03)	*1 Worker/8 Children
Five-Year-Olds	1 Worker/16 Children (7/1/03)	*1 Worker/8 Children
Six-Year-Olds	1 Worker/20 Children (7/1/03)	*1 Worker/8 Children

***Developed by American Public Health Association and American Academy of Pediatrics**

K-12 Education

Education is a "public good." An individual's ability to drive to work, transact business, and even get a good job is dependent on the level of education of his or her neighbors. Thus education and training aid the whole community, not just the person being educated. To safely get to work, we rely on the people driving the cars around us to read and quickly understand road signs, especially detour and warning signs. We rely on the cashier at the restaurant to be able to count our change, the cook to distinguish between sugar and salt and to measure accurately, the pharmacy technician to read the prescription. Just as importantly, employers make decisions about relocating or expanding high paying jobs based on the presence or absence of highly skilled and educated workers. "Providing a readily available labor pool is probably the best investment that state and local governments can make" (Sunquist, Workforce 2000 report).

- ★ Total 1996-97 **education spending per capita** in Tennessee ranked **50th** in 50 states, according to the Governing magazine Source Book.
- ★ The listing ranked Tennessee **49th** in **per capita spending on elementary and secondary education**.
- ★ In a comparison by the Education Finance Statistics Center of the National Center for Education Statistics, both **Memphis and Nashville-Davidson County** spend much **less than comparable urban school districts** across the country.
- ★ Memphis' per-child expenditures were 24 percent below comparable cities; Nashville's were 19 percent.
- ★ Per-child expenditures on core education spending in Memphis were 22 percent below peer cities and in Nashville, 17 percent below.

Where Does Tennessee Rank?

Category: Crime

Total Crime Rate, 1997	**13th**
Violent Crime Rate, 1997	**9th**
Murder and Rape Rates, 1997	**7th**
Motor Vehicle Theft Rate, 1997	**7th**

W.F. Fox, Center for Business and Economic Research, UT Knoxville, September 1999

- ★ The Children's Defense Fund listed Tennessee's **per child education funding** at **49th** out of 51 in its 2000 listing.
- ★ Tennessee ranks **42nd** in **classroom spending** based on average attendance.

★ The Rural Trust ranked Tennessee **No. 1** (worst in the nation) on the percentage of rural communities **scoring below averag**e on its "**Education Climate Index**." The index is a measure of socioeconomic status by zip code and can be seen as an indicator of how supportive of education the community is. Its elements were educational attainment, income, and occupational status of people living in each zip code.

In 1992, the state of Tennessee decided to determine what the elements of a basic education program would be and then determine how much it would cost to fund these programs. Although the Basic Education Program was fully funded by 1995, the half-cent sales tax passed as a part of the enabling legislation only covered the first year budget additions. The program was phased in over a five-year period, with additional funds coming from normal revenue growth and a robust economy.

★ Tennessee is the **only Southeastern state without a state-funded reading initiative.**

Tennessee needs the skills of its brightest children. The state, like much of the South, has an economy that depends on slow-growing or declining industries, like nondurables manufacturing (for example, textiles), farming, mining, and military bases.

★ In Tennessee, high technology jobs made up only 2 percent of all jobs, ranking the state **42nd in high tech jobs** nationally, according to *Governing* magazine.

★ This is not likely to change, since the **number of students per Internet-linked computer** also placed the state at **42nd**. The U.S. Department of Labor estimates that by 2004 almost half of all workers will be employed in industries that are producers of or intensive users of information technology.

"The skills needed to obtain information technology jobs start with basic literacy," according to a report of efforts to fill the need for workers in high technology areas.

★ While no definite information about literacy in the state exists (the state was not a part of the 1992 National Assessment of Adult Literacy), estimates are that **from one in five (20 percent) to almost two in five (39 percent) of Tennesseans are functionally illiterate**. Other estimates suggest that more than **half of Tennesseans are at the lowest two of five levels of literacy**.

Low levels of education have consequences beyond their economic impacts.

★ In Tennessee, **74 percent** of people in the **state's prisons failed to complete high school**. Tennessee is in the top 10 in crime categories. In 1997, the state ranked **ninth in the nation in violent crime** and **seventh in murder, rape, and motor vehicle theft**.

If Tennessee and Tennesseans want to keep the best jobs and opportunities and the brightest and most skilled workers within their borders, they need to devote more effort toward educating all the state's citizens.

Social Promotion

State policy-makers have become increasingly concerned about ending social promotion (allowing students to advance to the next grade, even when they have not mastered the material in their current grade). Social promotion is unfair to students and detrimental to society. These students typically fall further and further behind their class-mates and ultimately leave school often by "social graduation" without the basic skills and knowledge every adult needs to be a productive member of society (SREB, 2001).

Questions that policy-makers should ask about ending social promotion and reducing retention rates:

- ★ Are state tests clearly aligned with the grade-level content standards that schools are expected to teach? Is the curriculum teachers use to teach and assess classroom work consistent with the standards used to determine passing levels on state tests?
- ★ If test scores are used to make decisions about promoting students, do students have multiple chances to pass the tests?
- ★ Are students who meet all other criteria for success (passing classroom grades, strong teacher recommendations, no behavior problems, regular school attendance) unfairly penalized when test results fail to reflect overall achievement?
- ★ Do all schools assess children to identify learning problems as early as possible?
- ★ Are all schools prepared to provide students with extra time and help during the school year to correct those problems before students fall too far behind?
- ★ Is summer school required for students who still do not meet passing standards at the end of the school year? Are there focused efforts to enforce attendance and to ensure that summer school programs are high-quality and address individual students' needs?
- ★ Are there procedures for meeting the needs of students who have been allowed to fall extremely far behind (more than one full grade level)?
- ★ If a student is required to repeat a grade, are the teacher, curriculum and teaching methods during the retention year different from those that did not work the first time?
- ★ Are students who attend summer school and/or repeat a grade monitored and provided with support to sustain the gains and correct any problems that recur?
- ★ Is targeted, high-quality, professional development available to teachers in whatever areas they need?
- ★ Are there policies and procedures to ensure meaningful involvement by parents?
- ★ Are information systems capable of tracking students over the long term and assessing the effectiveness of efforts to help struggling students (SREB, 2001)?

State Policies on Grade Promotion and Retention in Southern Regional Education Board (SREB) States

State	Alabama	Arkansas	Delaware	Florida	Georgia	Kentucky	Louisiana	Maryland	Mississippi	North Carolina	Oklahoma	South Carolina	Tennessee	Texas	Virginia
State specifies requirements for grade promotion	NO proposed	NO	YES	YES	NO	NO	YES	NO	NO	YES	YES	YES	NO statewide goal is 97% promotion in grades K-8	YES	NO
State end-of-grade tests required	NO	YES 4,6,8	YES 3,5,8,10	YES 3-8	YES 1-8	YES 4,5,7,8	YES 4,8	NO	YES 2-8	YES 3-8	YES 3,5,8	YES 3-8	NO	YES 3-8	YES 3,5,8
Test score may be sole cause for retention	NO	NO	NO	NO	NO	NO	YES	NO	NO	NO but a major factor at grades 3,5,8	NO	YES after failing	NO	NO but a major factor at grades 3,5,8	NO
Number of retakes permitted	NA	0	Multiple	5	0	0	1	NA	0	2	1	2	NA	2	0
State has guidelines for aid to failing students	NO	YES student plans required	YES student plans required	YES student plans required	YES student support teams required	NO	YES student plans required in grades 3-4, 7-8	YES schoolwide plans required	NO	YES schoolwide plans required	YES students failing state tests receive remediation	YES student plans required	NO	YES	YES student remediation programs required
Summer school required for failing students	NO	NO	YES	NO	NO	NO	YES	NO	NO	NO	NO	YES	NO	NO	NO may be a part of remedial programs
State has guidelines for summer school	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	YES	YES	NO	NO	YES under developmen t
State collects retention data	NO	YES K-8	YES K-8	YES K-11	YES not by grade	YES 4-11	YES K-11	YES not by grade	NO	YES K-11	NO	YES K-11	YES K-8	YES K-11	YES not by grade

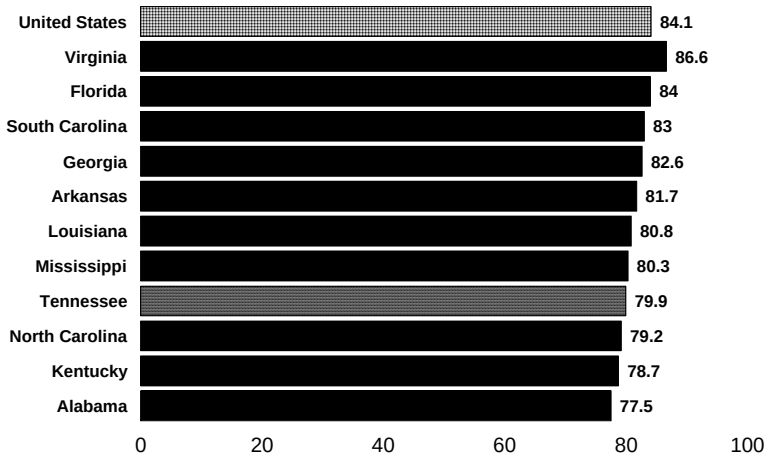
Source: Finding alternatives to Failure: Can States End Social Promotion and Reduce Retention Rates? SREB, 2001

Higher Education

Tennessee ranks 41st in the number of adults 25 and older with a college degree and 46th in the number with a high school diploma. Because of the growing technology sector and the advent of the global marketplace, Tennessee will need to expand its efforts to educate and train its workforce in order to compete with other states and nations.

Percent of Population with High School Diplomas, 2000

U.S., Tennessee, and Other Southern States

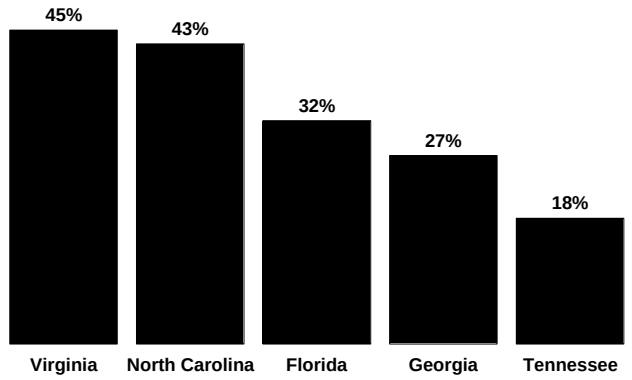


***Population = Age 25 and older.**
Source: Southern Regional Education Board (SREB) Fact Book, 2001.

★ It is projected that within five years 19 percent of all jobs will require a college degree and another 25 percent will require some post-secondary training of less than four years (Outlook in Brief).

★ Although all income groups had significant real earnings growth during the 1990s, higher wage earners had larger increases than others, reflecting a long-term trend. Young adults who have completed a bachelor's degree or higher earn substantially more than those who have completed no more than a high school diploma or GED (50 and 91 percent more for males and females, respectively) (Condition of Education 1999, 2000).

Percent of Top Graduates Who Apply to In-State Colleges



Center for Business and Economic Research, UT Knoxville, NCES CCD

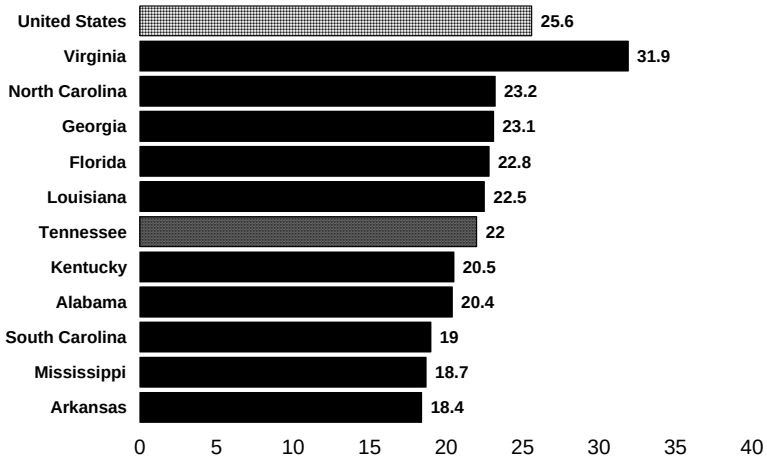
★ The earnings of men with college educations have kept up with inflation since 1970; the earnings of men with no college degrees have, adjusted to inflation, fallen by 14 percent for men with some college, 18 percent for those with a high school education, and 25 percent for dropouts (Rand Corp, 1997).

★ The 14th Annual Development Report Card for the States 2000, issued by the Corporation for **Enterprise Development**, rated the state's **Development Capacity**,

which looks at clues to the state's economic future. On **Human Resource** Issues, the state received an "**F**," and on **Innovation Assets**, a "**D**." The Human Resource score is compiled from information about scores on national educational exams and the level of education within the state. Innovation was related to research and development funding, the number of scientists and engineers, the number of patents issued, etc.

Percent of Population with Bachelor's Degrees or Higher, 2000

U.S., Tennessee, and Other Southern States



***Population = Age 25 and older.**
Source: Southern Regional Education Board (SREB) Fact Book, 2001.

Current low education levels can be a drag on the state's future, too. A child's educational aspirations appear to be limited by the level of parental achievement.

★ The percentage of eighth graders scoring proficient on the 1998 Writing National Assessment of Education Progress tests whose parents had not finished high school was one-third the percentage of children whose parents had graduated from college (33 percent, compared to 11 percent).

★ Student scores on all the tests in the national educational progress tests tend to rise as the level of parental education increases.

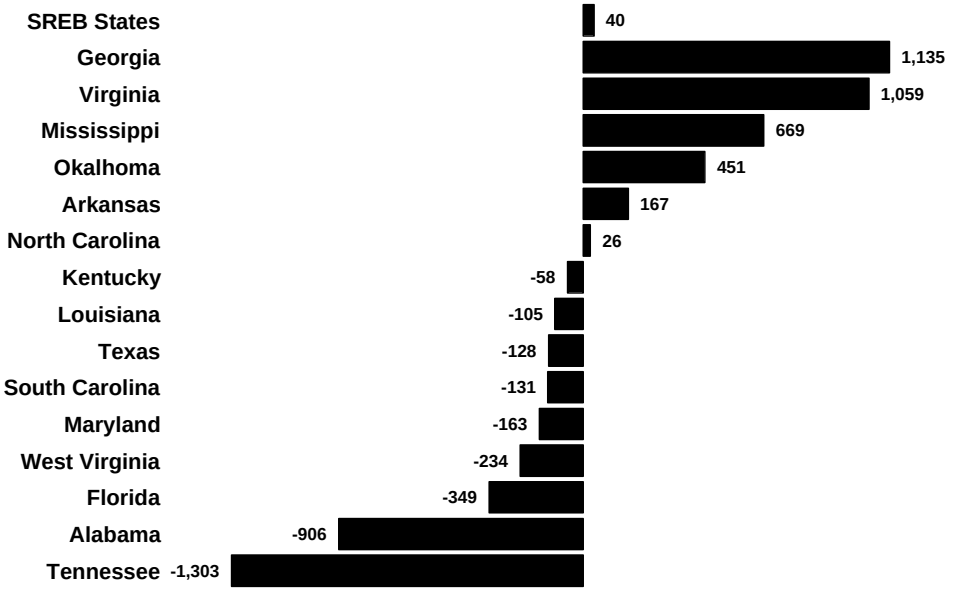
Tennessee is not remedying these problems. According to the *Governing* Source Book 2000 rankings, Tennessee ranked **35th** in the **per capita spending on higher education**.

★ **Tuition increases of 15 percent** were approved for undergraduates attending Tennessee four-year colleges in 2001-02. While the national average for tuition increases for four-year public colleges was 3.4 percent for 1999-2000 and 4.4 percent for 2000-01, **tuition increases for the same periods were 5 percent and 10 percent at Tennessee state-supported universities**. Tuition at the University of Tennessee Medical Programs rose by 43 percent between 1998-99 and 2000-01 (College Board, 2000). As tuition rises, students, especially those from the most disadvantaged backgrounds, are priced out of the market.

★ Students paid more. Did they get more? Universities depend on the quality of their faculties. At a time when wages across the economy have gone up, Tennessee's higher education salaries have not kept pace. **Between 1998 and 1999, the average salaries for full-time faculty at Tennessee colleges had the lowest rate of increase for actual salaries in the Southeast**. Inflation-adjusted average **salaries of full-time faculty at Tennessee public**

Changes in State General Operating Appropriations Per Full-Time-Equivalent Student, Public Four-Year Colleges and Universities,

1995-2000



Source: Southern Regional Educational Board Fact Book on Education 2000-2001. Changes represent dollar amount of changes per full-time-equivalent student adjusted for inflation.

four-year colleges dropped by 2.4 percent, the largest percent drop in the Southeast. Faculty at two-year public colleges saw their salaries drop by 7 percent.

★ Tennessee's flagship public university, the University of Tennessee, ranked 44th in the U.S. News and World Report 2001 national ranking of public universities, compared to top 5 rankings for the University of Virginia and the University of North Carolina at Chapel Hill. Three universities in Virginia, two in Georgia, the University of Florida, and even Auburn in Alabama ranked higher than UT-K.

★ In 1998, **75 percent of Americans** surveyed believed getting **a college degree** was **more important** than it had been 10 years earlier. An overwhelming majority, **89 percent,** said **the price of a college education should not be allowed to keep people** who wanted to go to college **from getting an education**.

★ Although, nationally, the amount of financial aid has increased, most of the aid is in the form of loans. College loans only assist students if the borrowers are able to get jobs that allow them to pay off the loans and still have more money than they would have had without the degree. **Other Southern states, Georgia, Arkansas, Florida, Kentucky, Louisiana, and Mississippi have helped retain their brightest students by providing state-funded, merit-based college scholarship programs**.

In addition to its influence on income and social and economic factors, higher education is associated with increased civic participation. The work of a community is done by active and concerned

citizens. Membership in organizations, participation in community service activities, voting, and other political activities all rise with educational level.

- ★ Tennessee ranked **50th** in the nation in participation in the 1998 **Congressional Elections**, when only 24 percent of the state's voting age population voted.
- ★ The Institute for Women's Policy Research ranked Tennessee **46th** on its composite **political participation** index, which looks at the state's level of voter registration, voting participation, and the number of women holding political office.

In the increasing global economy, the old ways don't work. As President Bill Clinton has said, "Every single day, a half million airline passengers, 1.4 billion e-mail messages, and $1.5 trillion cross national borders." Dell Computer's Chairman Michael Dell told the *New York Times* that improved education will be the government's "single most important impact...on business."

★★★ An Industrial Recruiter's View ★★★

from Alex Fischer, Commissioner of the Tennessee Department of Economic and Community Development. Excerpted from testimony before the House Finance, Ways and Means Committee, July 6, 2001

You have heard me time and time again say that the most important investments that we'll make are the investments in our children. The investment in education that will lead us into the 21st century. You have heard me time and time again say that if I had to choose I would choose to cut my entire department out and fund higher education and K-12 education because I believe the future is that important.

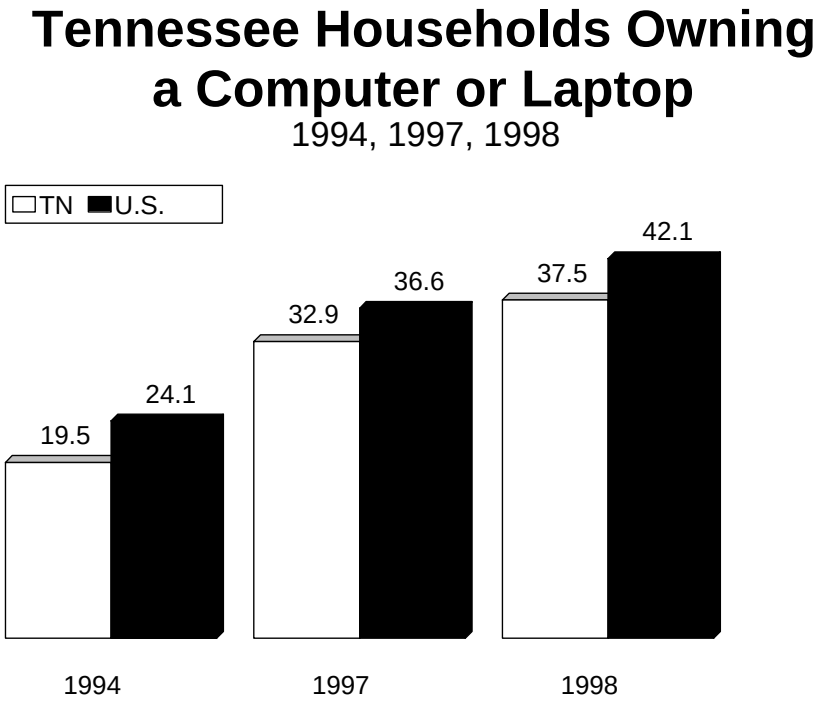
But I also believe that we can do both.

This debate's about our kids; it's about our parks; it's about our schools; it's about infrastructure; and it's about health care. Those combined with TIIPS (a business recruitment subsidy program) and advertising money and a marketing department of economic development equal the quality of life (in Tennessee)..., and quality of life equals economic development. If in fact we are going to turn our backs on economic development, then it is just beyond me where we can expect ourselves as a state to go. It has so many different ramifications from rural Tennessee to urban Tennessee. This is not about Democratic or Republican. It is not about rural counties or urban counties. This is about doing what's right to move the state forward.

If we don't value education enough from pre-K through higher education to fund it as a priority, then what kind of mission statement does that say for us as a state.

The Digital Divide

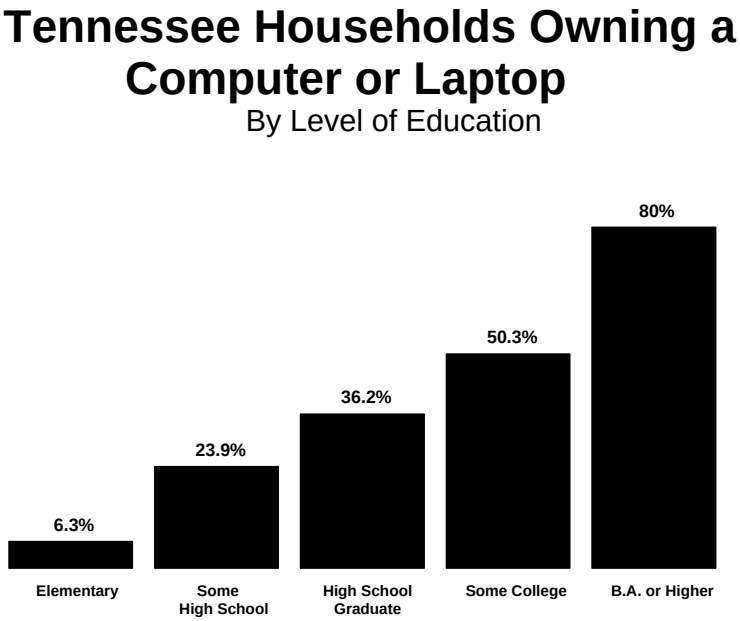
In just about every country, a certain percentage of people have the best information technology that society has to offer. These people have the most powerful computers, the best telephone service, and fastest Internet service, as well as a wealth of information and training relevant to their lives.



Source: U.S. Census Bureau, Tennessee Regulatory Authority, May 2000

Unfortunately there is a large group of people who for one reason or another don't have access to computers, reliable telephone service, or the fastest or even basic Internet services. The difference between these two groups of people is what we call the **Digital Divide**.

To be on **the less fortunate side of the divide means less opportunity to take part in our new information-based economy, with many jobs requiring computer skills**. It also means there is less ability to take part in the education, training, shopping, entertainment, and communication opportunities that are available online. In general, those who are poor and live in rural areas are about 20 times more likely to be left behind than wealthier residents of urban areas (U.S. Department of Commerce, 1999).



Source: Tennessee Digital Divide, 2000

Tennessee's Digital Divide clearly demonstrates that a majority of Tennesseans do not have the tools and training necessary to survive and prosper in this information age. This deficiency could have drastic

implications for Tennessee's economy. Without these tools, Tennesseans will be cut off from the majority of high paying jobs and prevented from participating in and reaping the benefits of a global economy. No single person or group can solve these problems alone; it will take a consolidated effort between the public and private sectors as well as government agencies of all levels (TRA, 2000)**.**

Technology in Education, Tennessee Students Per Computer

Top Five Ranked States Compared to Tennessee

State	Students Per Computer	Ranking
Wyoming	3.5	1
Nebraska	3.9	2
Kansas	4.1	3
North Dakota	4.2	Tied for 4
South Dakota	4.2	Tied for 4
Tennessee	6.7	42

Source: Governing, State and Local Source Book 2000 (one represents best, 50 represents worst)

The new economy is significantly changing the competitive and economic landscape of the country because of two basic transformations in production and markets. In production, a structural shift is moving away from manufacturing toward services and information. On the other hand, globalization is resulting in the expansion of markets and commerce far beyond national or regional borders (Benton Foundation, 2000). For Tennessee, the changes in the competing global economy translate into the vital need for new skills for our developing work force in the new millennium.

★ Almost half of Tennessee's population still does not have access to all the tools needed to participate in this technological age.

★ The *Governing* State and Local Source Book for 2000 ranked Tennessee 42nd out of 50 states in students connected to the Internet.

★ Although our schools have been working to integrate technology in the classroom, Tennessee lags in both the number of students per computer and the number of students connected to the Internet.

Technology in Education, Students Per Internet-Connected Computer

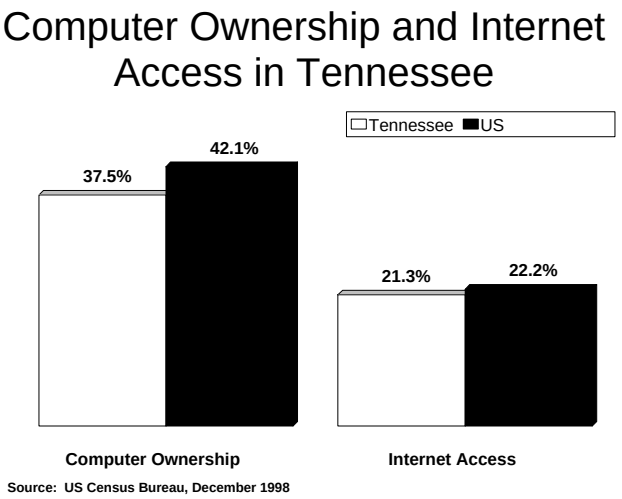
Top Five Ranked States Compared to Tennessee

State	Students Per Internet-Connected Computer	Rank
Delaware	**5.8**	**1**
Alaska	**6**	**2**
Nebraska	**7.2**	**3**
South Dakota	**7.3**	**4**
North Dakota	**9.1**	**5**
Tennessee	**18.3**	**42**

Source: Governing, State and Local Source Book 2000 (one represents best, 50 represents worst)

The National Telecommunication and Information Administration (NTIA), a branch of the United States Department of Commerce,

has conducted three comprehensive studies since 1994 on computer ownership and access to the Internet. The NTIA's latest digital divide report, *Falling Through the Net: Defining the Digital Divide*, found that overall "the number of Americans connected to the nation's information infrastructure is soaring."

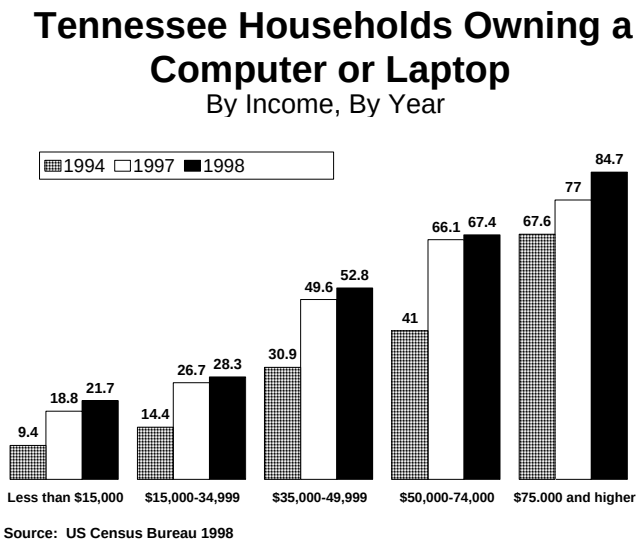


Nevertheless, this year's report finds that a digital divide still exists and, in many cases, is actually widening over time. **Minorities, low income persons, the less educated, and children of single-parent households, particularly when they reside in rural areas or central cities, are among the groups that lack access to information services"** (NTIA, 1999).

In light of these national studies, the Tennessee Regulatory Authority (TRA) set out to determine how Tennessee fares in access to modern technological tools. Using the responses of more than 900 Tennessee households to the Census Bureau's December 1998 *Current Population Survey*, the TRA compiled numerous statistics on trends in computer ownership and Internet access specifically for Tennessee. The analysis of computer ownership involves numerous demographic categories, such as household income, race, geography, education, and family make-up (TRA, 2000).

Tennessee's "Digital Divide," published by the TRA in 2000, shows how families in Tennessee are faring in the new technological age.

★ Although computer ownership in Tennessee has doubled since 1994, only 37.5 percent of Tennesseans own a computer and even fewer have access to the Internet.



★ Computer penetration in Tennessee is 11 percent below the national average, ranking Tennessee 40th among states in this category (TRA, 2000).

Of even greater concern is the fact that computer penetration in Tennessee is growing at a slower rate than the nation as a whole. Further, access to the tools of technology is split unevenly among various demographic groups. The most glaring demographic discrepancy is the ever-widening income divide. Despite declining computer prices, the gap in

computer ownership between Tennessee households with annual incomes greater than $75,000 and households with annual incomes of $15,000 or less increased by 13 percent between 1997 and 1998 (TRA, 2000).

Other findings of Tennessee's Digital Divide include:

- ★ Tennessee households earning more than $75,000 annually are four times more likely to own a computer than Tennessee households earning $15,000 or less and three times more likely to own a computer than households earning between $15,000 and $35,000 annually.
- ★ Lower income persons are less likely to have access to the Internet at their place of employment.
- ★ White households are twice as likely to own a computer as Tennessee's African-American households. The gap in computer ownership between African-American households and White households is now 20 percent greater than in 1997.
- ★ **Among households earning more than $75,000 annually, there is no discernible difference in computer penetration** between White households and African-American households, suggesting race is not a factor in higher incomes and is less a factor than income.
- ★ **Only one-third of Tennessee's rural residents own a computer**. The gap between computer ownership in rural versus urban areas in Tennessee appears to be decreasing. Between 1997 and 1998 the gap decreased by 20 percent.
- ★ The gap in computer ownership between inner-city households and other urban households increased by 28 percent between 1997 and 1998.
- ★ Two-parent households in Tennessee are twice as likely to own computers as single parent households.

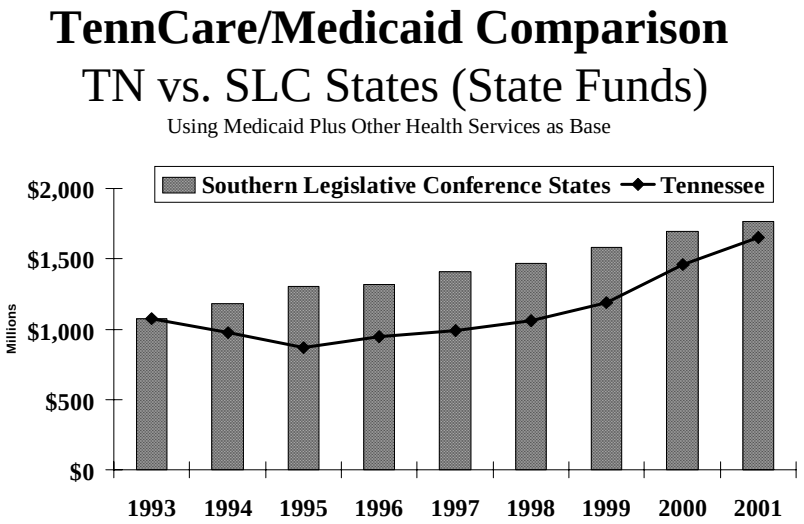
Why is this important for Tennessee? According to a recent report by the Benton Foundation, the economic explosion of the information technology (IT) industry and the dramatic rise of e-commerce have created an enormous demand for workers who can create, apply, and use these rapidly changing technologies. **The Department of Commerce estimates that by 2006 the number of computer engineers and scientists will grow by 114 percent and the number of systems analysts will increase by 103 percent.** Employers throughout America are having difficulty recruiting and retaining workers with the knowledge and skill sets currently in demand. The Information Technology Association of America (ITAA) estimates that the demand for core IT workers (electrical engineers, systems analysts and scientists, operation and systems researchers and analysts, and software programmers and engineers) will reach 1.6 million this year alone. And, according to a new study by the 21st Century Workforce Commission, the United States needs to take immediate steps to address the workforce demands of the IT industry, or risk losing its competitive edge.

TENNESSEE CHILDREN'S UNMET HEALTH NEEDS

TennCare

In 1994 TennCare replaced Tennessee's Medicaid program with a managed care system designed to save dollars and cover more lives than Medicaid.

Despite many criticisms, the TennCare program has provided health care to Medicaid-eligible children and adults and uninsured and uninsurable Tennesseans. The Medicaid-eligible group consists of some of the poorest children and families in the state.



Source: John Morgan, Comptroller of the Treasury, Tennessee

In addition to covering individuals who would not have health care services without TennCare, the state has saved billions of dollars since 1994. A recent report by the Comptroller of the Treasury illustrated the savings that have occurred since 1993. The graphic illustrates the cost to Tennessee in comparison to the states of the 16-member Southern Legislative Conference having traditional Medicaid Health Services.

★ TennCare pays the hospital bill for nearly half of all babies born in Tennessee each year.

TennCare can be linked to:

★ Improved health indicators for children, including prenatal care, infant mortality, child death, and immunizations;

★ Early detection of physical and developmental disabilities through the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) requirements;

★ Improved dental care and treatment;

★ Early detection and intervention of mental health problems.

According to the Children's Defense Fund, **health care coverage is vitally important for ensuring that every child has a healthy start. Children need to feel well, see well, and hear well in order to do well in school.** Yet uninsured children are far less likely to receive medical and dental care when they need it. Compared with insured children, they are:

★ More than four times as likely to have an unmet medical need;

★ Three times as likely to have an unmet dental need;

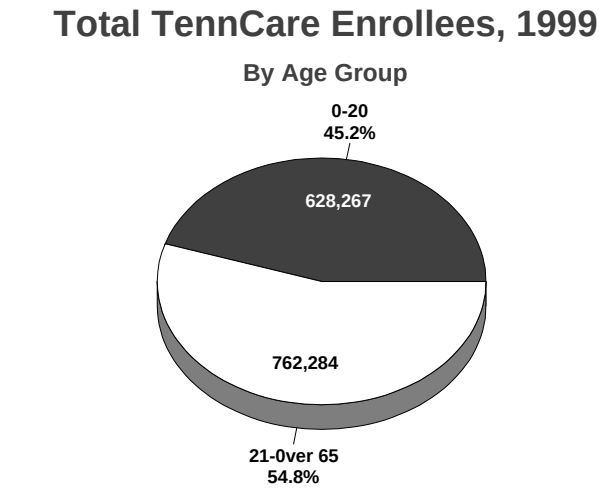
- More than three times as likely to go without prescription medication;
- Almost twice as likely to have an unmet need for vision care (Children's Defense Fund, 2000).

Uninsured children are at risk of preventable illness. The majority of uninsured children with asthma and one in three uninsured children with recurring ear infections do not see the doctor during the year. Many end up hospitalized for acute asthma attacks that could have been prevented or suffer permanent hearing loss from untreated ear infections.

- Children with untreated illness are less able to learn. Children sitting in class with pain or discomfort are not truly ready to learn. Uninsured children are 25 percent more likely to miss school than their protected counterparts (Children's Defense Fund, 2000).
- One insurer found that nearly one in five uninsured children had untreated vision problems, and children unable to see the blackboard often fall behind in school (Children's Defense Fund, 2000).
- Investing in children's health coverage pays off. One state found that, when parents received help to buy coverage for uninsured children, more children received health care in doctors' offices rather than hospital emergency rooms. Emergency room visits dropped by 70 percent, saving the state's taxpayers and consumers $13 million in 1996 (Children's Defense Fund, 2000).

Recently the University of Tennessee completed a survey of TennCare recipients, a follow-up to six previous surveys of 5,000 Tennessee households conducted annually since 1993. Some of the findings include:

- The estimated number of uninsured in Tennessee has gone from 452,232 in 1993 to 387,584 in 1999, a decrease of 14.3 percent.
- 71 percent of the people polled in the survey stated that the major reason they do not have insurance is due to not being able to afford it.



Source: Bureau of TennCare. *Note: Data reflects count as of December 1999

- There was virtually no change in the participants' view of the quality of care they and their children were receiving relative to 1998. The ratings provided by all heads of households or in the perceived quality of care for children were unchanged. However, current ratings of health care quality for the TennCare population are higher than under Medicaid (Fox, 1999).
- The seven-year longitudinal study indicates the TennCare participant was adjusting to the process of

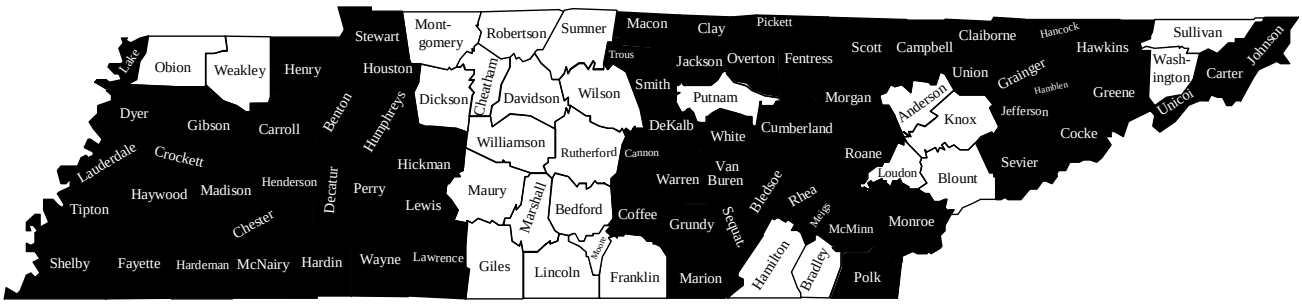
managed care and the changes that occurred in transition from Medicaid. Five years into the TennCare program there was substantial evidence that, at least from the perspective of the recipients, the program is working as expected (Fox, 1999).

★ In 1998, only 10 percent of Tennessee's children were without health insurance, compared to 15 percent nationally. **TennCare is perhaps Tennessee's greatest success in addressing the unmet needs of its residents.**

TennCare Enrollment

Counties with Greater than Statewide Average (25%) of Population Covered by TennCare

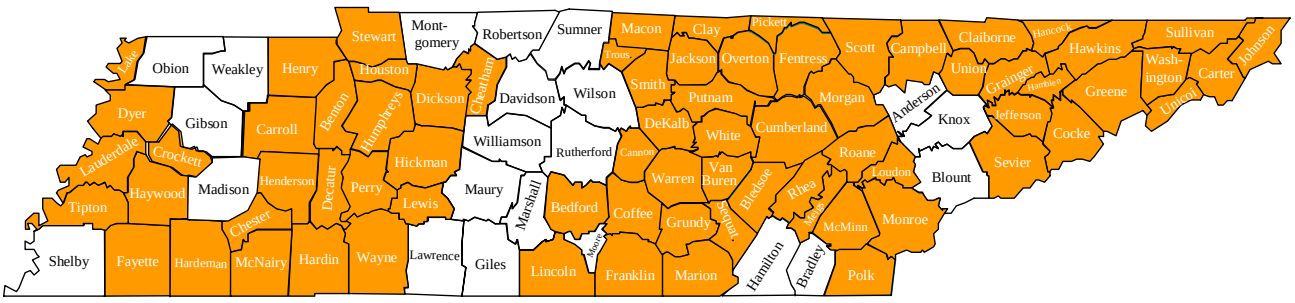
(68 Counties)



TennCare Enrollment

Counties with Greater than Statewide Average (10%) of Population Covered by TennCare as an Uninsured or Uninsurable

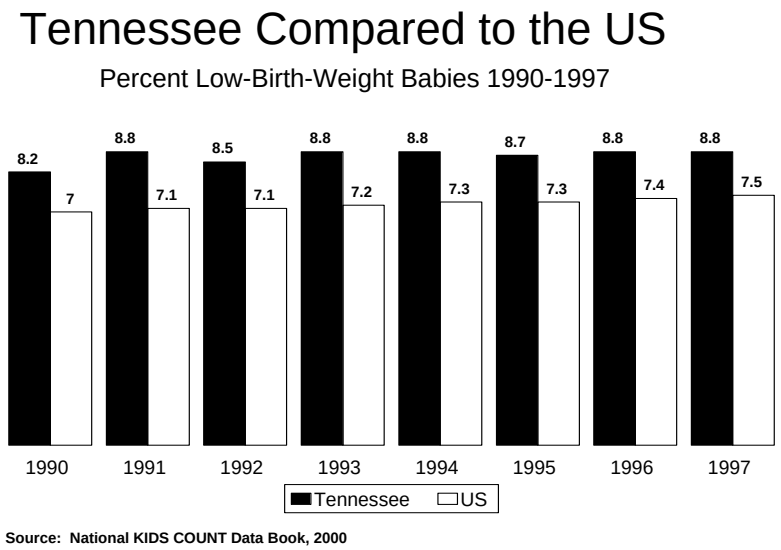
(73 Counties)



Source: Tennessee Advisory Commission on Intergovernmental Relations, 2000

Physical Health of Tennessee Children

Despite Tennessee's success in extending insurance coverage to its poorer citizens, **children in the state continue to rank low or very low on national health indicators**.



Infant Mortality

★ As reported in the *2001 KIDS COUNT Data Book,* babies born in 35 other states in the nation are more likely to live to see their first birthday than babies born in Tennessee.

★ In 1998, African-American infants born in the Volunteer State were twice as likely to die in their first year of life than White infants.

★ In 1998, 635 Tennessee children died before they reached their first birthday.

Infant mortality rates tend to be linked with social and economic conditions in a community. The communities with higher rates of poverty, high unemployment, and poor housing tend to have higher infant mortality rates than communities without these problems.

Low-Birth Weight

★ The *2001 KIDS COUNT Data Book* also revealed that infants born in Tennessee in 1998 were more likely to have low-birth weight (weigh less than 5.5 pounds at birth) than infants born in 45 other states in the country.

★ The Tennessee Department of Health reports that in 1998 African-American infants were twice as likely (1.9 times) to be born at a low-birth weight compared to White infants.

In July 2000, the Tennessee Department of Health published *Trends in Low-Birth Weight,* describing children born between 1980 and 1997. This report found that the percentage of low-birth-weight children has increased 10 percent over the past 17 years despite declines in many of the risk factors. While similar to the national rate of increase, Tennessee's increase "is largely due to an increase in the percent of very low-birth-weight babies." Large improvements in neonatal technology in the last two decades have significantly improved the survival prospects of very low-birth-weight babies (3.5 pounds). The costs for these infants are substantial in relationship to more cost-effective preventative measures.

- ★ A recent study supported by the Agency for Health Care Policy and Research indicated that it cost nearly five times as much, on average, for a first-year infant survivor weighing less than 750 grams or 1.7 pounds at birth ($273,900), compared to that for an infant weighing 2.8 to 3.3 pounds ($58,000) (Agency for Health Care Policy and Research, 1998).

- ★ A weight increase of 250 grams (half of one pound) for an infant at birth can save an average of $12,000 to $16,000 in first year medical costs, and a 500 grams increase in infant weight generates $28,000 in savings.

Research shows that low-birth-weight babies are more likely to experience disabilities and health problems associated with their fragile condition, including:

- ★ chronic asthma;
- ★ epilepsy;
- ★ cerebral palsy;
- ★ mental disabilities.

Babies who are low-birth weight tend to have developmental difficulties, learning disabilities, and high levels of distractibility as they age.

- ★ Reducing the number of low-birth-weight babies to no more than 7.1 percent was a state and national goal for the year 2000.

- ★ Research shows that women who do not receive adequate early prenatal care are more likely to give birth to low-birth weight babies;

- ★ Mothers who do not have insurance are less likely to seek and obtain prenatal care.

Studies have shown that a variety of programs provide reductions in the number of low-birth-weight babies:

- ★ **Smoking cessation** programs that are designed for pregnant females;

- ★ Universal and comprehensive **health care services** to all pregnant women;

- ★ Culturally competent prenatal services.

Child Death Rate

- ★ Tennessee children between the ages of 1 and 14 are more likely to die than they are in 30 other states.

- ★ For every 100,000 children ages 1 to 14 in 1997, 30 died.

- ★ 310 child deaths are enough children to fill 13 average classrooms in Tennessee.

- ★ Nationally, in 1998, Tennessee ranked worse than 44 other states in overall teen violent deaths (accidents, homicides, and suicides) as reported in the *2001 National KIDS COUNT* book. Despite reductions nationally, Tennessee's death rate worsened during the 1990s.
- ★ Tennessee's teen violent death rate in 1998 was 46 percent higher than the national average.
- ★ In 1998, 305 children between the ages of 15 and 19 in Tennessee died from violent causes.
- ★ Motor vehicle accidents were the leading cause of death for White teens; homicide was the leading cause of death for African-American teens.

The following are services that have proven successful in reducing the teen violent death rate in other states:

- ★ Violence intervention programs that promote collaborative efforts within communities;
- ★ Integrating after-school programs with education, community resources, and mentoring programs.

Teen Pregnancy

- ★ Only 10 states in the country have higher teen birth rates than Tennessee. In 1998, 4,183 teens ages 15-17 gave birth.
- ★ Tennessee's teen birth rate peaked in 1991 and has declined since then.
- ★ To reach the national average on this indicator, 899 fewer Tennessee teens would need to give birth each year.

Reducing teen pregnancy is important because teen mothers are more likely to drop out of school and not have the opportunity to develop the job skills they need for gainful employment. Consequently they become financially dependent on their families and the government.

- ★ Teen mothers are more likely to live in poverty and to continue the poverty cycle and, because of their age and lack of experience, they often do not have sufficient parenting skills.

Where Does Tennessee Rank?

Category: Health Care

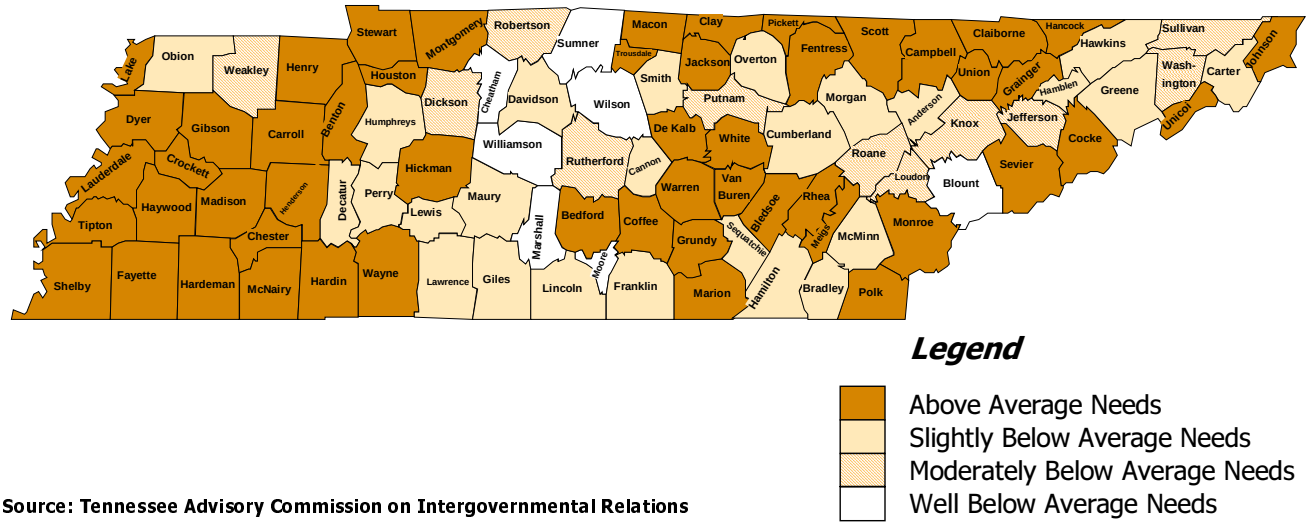
Overall Health Ranking, 1999	**44th**
Condition of Children, 1999	**44th**
State Health Ranking, 1999	**44th**

Source: W.F. Fox, Center for Business and Economic Research, UT Knoxville, September 1999. (One represents best, 50 represents worst)

★ The children of teen mothers (mothers aged 17 or younger) may have more school difficulties and poorer health than children whose mothers are older than age 20.

The following index was prepared by the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) from data in the *KIDS COUNT: The State of the Child in Tennessee 2000* chapters titled "Healthy Babies" and "Healthy Children." Data includes rates for infant mortality, child deaths, low-birth weight, lack of prenatal care, and WIC participation; teen deaths; teen pregnancies and births; sexually transmitted diseases; and TennCare participation. *The State of the Child in Tennessee* is an annual TCCY publication.

Index of the Health Needs of Babies and Children in Tennessee
Based on State of the Child in Tennessee – 2000



Legend

- Above Average Needs
- Slightly Below Average Needs
- Moderately Below Average Needs
- Well Below Average Needs

Source: Tennessee Advisory Commission on Intergovernmental Relations

Tennessee Children's Unmet Resource Needs

Income and Poverty

Although the child poverty rate in Tennessee is lower than in any year since 1980, it is still higher than in the late 1960s and the entire decade of the 1970s (Greenstein, 1999). If child poverty rates remain this high during strong economic periods, what will happen when the current economic expansion ends?

- ★ Despite a modest reduction in the number of poor children, there was no lessening in the severity or depth of child poverty in this robust economy.

- ★ Children younger than age 3 are more likely to be poor than any other age group. Forty-four percent of children younger than age 3 live in poverty (NCCP, 1997).

- ★ Better education and training lead to better jobs and higher wages and less poverty. Better jobs increase the likelihood of health coverage, decreasing dependence on TennCare and public assistance through Families First, Tennessee's federal Temporary Assistance for Needy Families (TANF) program.

- ★ **Tennesseans, on average, make only 94 percent of the per capita income of the U.S. average, ranking 33rd nationally.**

- ★ **Higher wages also lead to higher rates of homeownership.** Homeowners generally enjoy better living conditions than renters; accumulate wealth as their investment in their home grows; strengthen the economy by purchases of cars, furniture, and appliances; and tend to be more involved in promoting strong neighborhoods and good schools than renters (HUD, 2000).

- ★ Though Tennessee is among the more affordable housing areas in the country, fair market rents are still beyond the reach of many working families. **The average fair market rent for a two-bedroom unit is $494 per month, unaffordable for 41 percent of renters.**

- ★ The Tennessee housing wage, the hourly amount workers would have to earn working no more than 40 hours per week, spending no more than 30 percent of their income on housing, is $9.50 an hour, 184 percent of the federal minimum wage. A worker earning only the minimum wage would have to work 74 hours per week in Tennessee in order to afford a two-bedroom unit at the fair market value. Working 40 hours per week, a minimum wage earner can afford a monthly rent of only $267. A three-person family receiving the maximum TANF grant can afford a monthly rent of only $70 (NLIHC, 2000).

- ★ Poor children, however, continue to be scapegoated as a "poverty of values" by many who believe the problems associated with child poverty are more a result of idleness, poor parenting, single-parenthood, race, low I.Q., and education (Children's Defense Fund, 1999).

- ★ Contrary to a popular myth, 80 percent of poor families have at least one family member who is a full-time, year-round worker (Fitzpatrick & Lazere, 1999).

- ★ Poverty has a significant effect on the cognitive, emotional, and physical health and development of young children that cannot be accounted for by other factors (Sherman, 1997).

- ★ Although the strong economy continues to create jobs, many of the jobs available are low-skill, low-wage jobs that do not provide salaries above the poverty threshold.

- ★ As a nation we spend more for the failure to intervene early because of the added cost of repeated years of schooling, special education, chronic health expenditures, or crime. "These estimates include the tragic loss of human and economic potential associated with deaths resulting from childhood poverty or the multigenerational effects of poverty that threaten to erode the income, education, and health of the next generation of parents and so shape the childhoods of their own children. Conversely, it is estimated that the cost to bring those families incomes up to the poverty line in 1996 would have been $39 billion" (Sherman, 1997).

- ★ **Tennessee ranks 48th among the 50 states in its monthly welfare benefit allowance.** Only Mississippi and Alabama have lower benefits. The maximum monthly benefit for a family of three is $185, $2 per person per day. At $1,120 per year, Tennessee's TANF grant is less than a tenth of the poverty level for a family of three.

- ★ In the 2001 KIDS COUNT ranking, Tennessee ranked 44th among all the states in the percentage of its children who lived in single-parent households. Almost 31 percent of Tennessee children live in single-parent households while the national average is 27 percent. Tennessee has the tenth highest teen birth rate and the ninth highest divorce rate in the United States, exacerbating the number of children in single-parent households.

- ★ Women head more than 90 percent of single-parent households.

- ★ **The poverty rate for families headed by a single-mother in the U.S. is 47 percent. Single women are almost twice as likely to live in poverty as single men are.**

- ★ Due to delayed marriage, increasing divorce rates and single motherhood, men provided less income for women and children than they did in the 1950s (Christopher et al, 2000).

- ★ **Tennessee ranks 50th in child support enforcement. Only 37 percent of female-headed households in Tennessee receive child support or alimony** (KIDS COUNT Data Book)**.** With the advent of welfare reform, single mothers are more dependent on earnings in the marketplace. Because women receive only 71 percent of the wages of men for the same work, children in single-parent families are often low income or living in poverty (Institute for Women's Policy Research, 2000).

- ★ Median income is nearly three times higher in two-parent families than single-parent families (Acs & Gallagher, 1999).

- ★ **Nearly half of all single-mother households have incomes below the poverty line; many more have incomes only slightly above that threshold.**

- ★ While the booming economy, record unemployment, and welfare reform has led many single parents into the work force, increased income often is offset by loss of government cash benefits (Primus et al, 1999).

- ★ Single mothers living in poverty face particular challenges balancing work and family responsibilities. Because of a lack of affordable child care, these women often must place their children in poor quality care. Additionally if they rely on public transportation they often face a long and difficult trip getting from home to child care to work (Lerman & Schmidt, 1999).

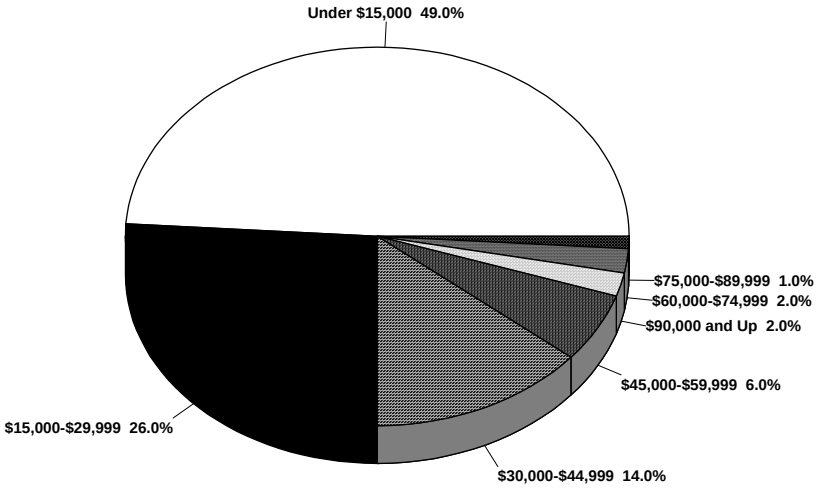
- ★ Tennessee provides subsidies for child care to some families with incomes lower than 200 percent of poverty. However, the subsidy covers only 70 percent of market rates. This makes it difficult for families to find safe, quality child care. Additionally, there are always more applicants than funds available to provide the grants. **Tennessee provides child care subsidies to only 18 percent of eligible children.**

- ★ Quality child care has been found to influence children throughout their lifetimes. Children who attend quality child care have better social and academic success later in school. They have been found to enjoy school more and develop successful reading skills earlier and are less likely to become involved in crime and drugs.

- ★ Society benefits when children are raised well. According to welfare experts, one benefit of programs such as the old Aid to Families with Dependent Children (AFDC) was that the infusion of cash to the poor families eased financial burdens to allow better parenting. Many European nations provide universal benefits to all parents to assist with the costs of raising children with larger benefits for single mothers. Obviously TANF is less generous (Christopher et al, 2000).

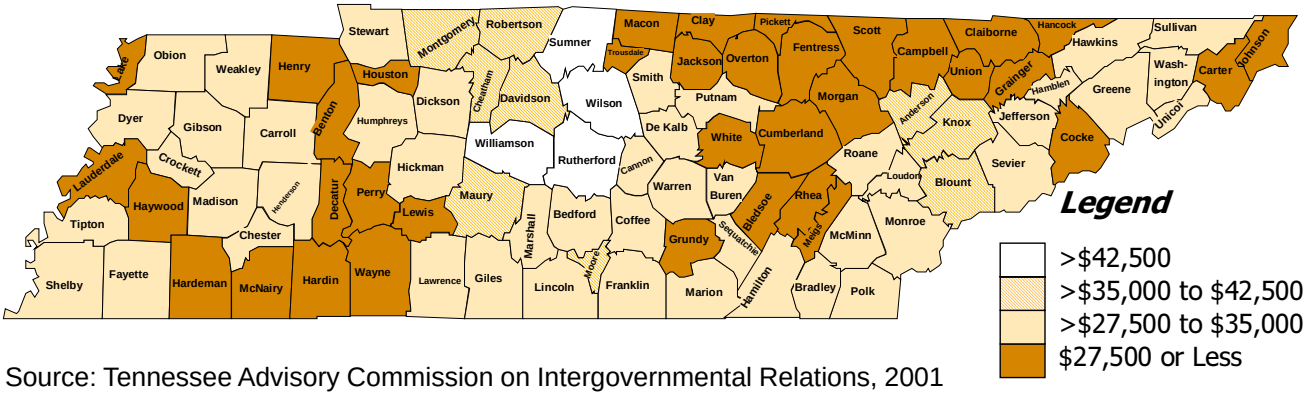
*Wages of Tennessee Employees Covered By Unemployment Law

2000



Source: Tennessee Labor and Work Force Development, 2001. *Includes 98-99 percent of all Tennessee wage earners, including part-time workers and domestics. It does not include sole proprietors with no employees, and small farmers.

1997 Estimated Median Household Income



Source: Tennessee Advisory Commission on Intergovernmental Relations, 2001

County	1997 Estimated Median	
	Rank	$
Anderson	10	$36,006
Bedford	26	$32,347
Benton	73	$26,579
Bledsoe	79	$25,815
Blount	12	$35,571
Bradley	17	$34,368
Campbell	87	$23,314
Cannon	44	$30,078
Carroll	45	$29,615
Carter	70	$26,736
Cheatham	5	$41,036
Chester	48	$29,196
Claiborne	85	$23,622
Clay	89	$22,055
Cocke	86	$23,408
Coffee	23	$32,889
Crockett	54	$28,276
Cumberland	66	$27,132
Davidson	6	$39,112
Decatur	72	$26,581
Dekalb	55	$28,036
Dickson	18	$34,086
Dyer	34	$31,092
Fayette	21	$33,062
Fentress	94	$20,332
Franklin	29	$32,015
Gibson	46	$29,587
Giles	31	$31,855
Grainger	68	$26,848
Greene	56	$27,791
Grundy	88	$22,502
Hamblen	27	$32,221

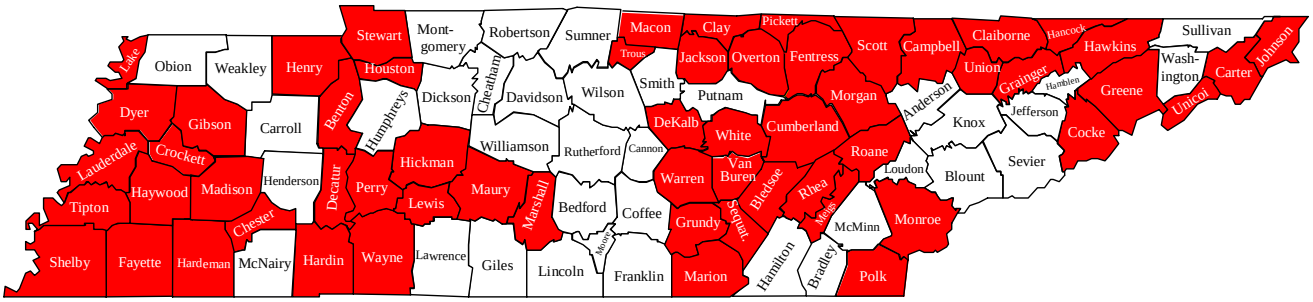
County	1997 Estimated Median	
	Rank	$
Hamilton	14	$34,836
Hancock	95	$18,529
Hardeman	81	$25,337
Hardin	78	$25,852
Hawkins	33	$31,286
Haywood	83	$25,064
Henderson	35	$30,665
Henry	65	$27,141
Hickman	43	$30,097
Houston	76	$25,979
Humphreys	36	$30,574
Jackson	77	$25,871
Jefferson	49	$29,128
Johnson	91	$21,932
Knox	13	$35,408
Lake	92	$21,682
Lauderdale	74	$26,065
Lawrence	47	$29,364
Lewis	80	$25,354
Lincoln	41	$30,178
Loudon	16	$34,382
McMinn	39	$30,352
McNairy	69	$26,757
Macon	61	$27,332
Madison	22	$32,909
Marion	51	$28,563
Marshall	19	$33,399
Maury	8	$36,966
Meigs	67	$26,931
Monroe	59	$27,511
Montgomery	11	$35,728
Moore	9	$36,958

County	1997 Estimated Median	
	Rank	$
Morgan	75	$25,982
Obion	30	$31,911
Overton	82	$25,216
Perry	64	$27,209
Pickett	90	$22,027
Polk	57	$27,703
Putnam	37	$30,570
Rhea	60	$27,479
Roane	32	$31,448
Robertson	7	$38,432
Rutherford	3	$43,488
Scott	93	$21,635
Sequatchie	58	$27,542
Sevier	40	$30,189
Shelby	15	$34,583
Smith	28	$32,077
Stewart	52	$28,473
Sullivan	20	$33,199
Sumner	4	$42,571
Tipton	24	$32,845
Trousdale	62	$27,319
Unicoi	50	$28,650
Union	71	$26,692
Van Buren	53	$28,361
Warren	42	$30,135
Washington	25	$32,651
Wayne	84	$25,053
Weakley	38	$30,401
White	63	$27,224
Williamson	1	$63,959
Wilson	2	$45,250

Source: US Census Bureau

Counties with Greater than Statewide Average (15%) of County Population in Poverty

(58 Counties)



100% of Poverty:
Individual = $8,501
Family of 4 = $17,029

Source: Tennessee Advisory Commission on Intergovernmental Relations

Tennessee's Economic Deficit

Economic information comparing Tennessee's citizens and government to those in the other 49 states paints a picture of some harsh fiscal realities in our state:

- ★ 49th lowest in total tax revenue per capita;
- ★ 49th lowest in tax collections as a percentage of personal income (Governing, 2000).

This means Tennessee's government receives fewer dollars from its citizens to provide vital public services than does every other state government except one.

Definition of Budget Problem FY 2001-2002

- **Growth anticipated of $ 300 million or so**
- **Unfunded recurring expenses of $100-150 million**
- **Possible Revenue Problem of $100 million or more**
- **How do we meet needs of BEP, TennCare, Higher Education and the rest of State Government? Employee Compensation?**

Source: W.F. Fox, Center for Business and Economic Research, UT Knoxville, September 1999. BEP represents Tennessee's Better Education Program.

Based on the federal income tax returns, Tennesseans are:

- ★ 19th per capita in federal personal income taxes;
- ★ 18th in federal income tax paid per return filed.

Our state population has the financial resources to be above average in funding national programs, yet we are nearly dead last in funding programs to protect and meet the needs of our friends and neighbors, especially our children, here at home.

Funding Tennessee's state government at the rate of the 19th ranked state, instead of the 49th ranked, would generate an additional $3.5 billion. These funds could assure that the true needs of all Tennessee's citizens are met.

- ★ Educationally, our youth could be on the cutting edge of 21st century technology.
- ★ We could regain our AAA bond rating.
- ★ Inner cities could get both better services and better access to those services.
- ★ Rural communities could get better access to health care.

Even comparisons between Tennessee and its eight surrounding states show how far behind Tennessee is allowing itself to fall:

- ★ Eighth lowest in taxes per capita;

★ Ninth in tax revenue as a percent of personal income;

★ Third in per capita federal tax payments.

This means **Tennessee funds its state government with a smaller percentage of its citizens' incomes than traditionally poor states like Mississippi, Alabama, and Arkansas.** Decisions about Tennesseans' tax dollars are made in Washington rather than Nashville or city hall.

Where Does Tennessee Rank?

Category: Government Finance

State and Local Taxes as a Percent of PI, 1996	49th
State Taxes as a Percent of PI, 1998	46th
Local Taxes as a Percent of PI, 1996	38th
Per Capita State and Local Exp ., 1996	47th
State and Local Employees- % of Pop.	44th
State Reserves	44th

Source: W.F. Fox, Center for Business and Economic Research, UT Knoxville, September 1999. PI stands for Personal Incom. (One represents best, 50 represents worst)

This lack of state income prevents the state from funding programs to meet our children's needs. However, ignoring problems at the state level does not eliminate needs. Instead, the finding and funding of solutions are pushed onto county and local governments. As a result, **local debt per capita is the highest in our region**, ninth highest in the nation. Services provided may vary greatly depending on where you are in the state, and many counties are served only by volunteer firefighters. Even though Tennessee has undergone years of economic expansion, we find ourselves in a system of **institutionalized disparity:**

★ Continuous short-term economic growth over the past nine years;

★ Continued **short-term growth expected** in the near future;

★ Continuous long-term growth improvements over the past 10 years;

★ Long-term **growth expected to exceed the national average** through 2008.

Some of this growth is due to the attractive climate state government works to provide to businesses operating in, or relocating to, the Volunteer State.

Although Tennessee's unemployment rate remains more than one full percentage point lower than what economists refer to as the rate of full employment (around 5.5 percent), employees are not necessarily receiving the high income associated with such a very tight labor market. Tennessee is:

★ 27th in average annual pay;

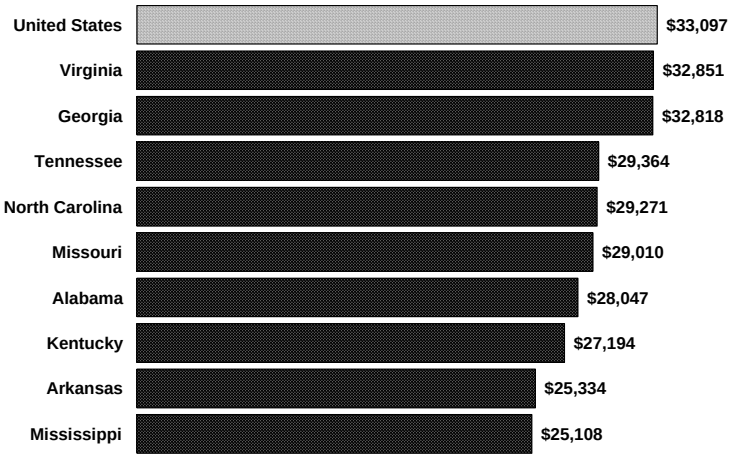
★ 33rd in per capita personal income.

The average Tennessee employee earns $3,733 less than the national average.

Tennessee has an outstanding climate for corporations, ranking fourth strongest in the U.S. by the Southern Economic Development Council. State government works hard to maintain this standing by strongly encouraging business growth with offers such as:

Average Earnings for Individuals

Comparison of Tennessee and Bordering States, and U.S.



Source: Governing Source Book 2000

- ★ A franchise tax credit of $2,000 to $3,000 per full-time employee;
- ★ No state property tax;
- ★ Waiver of franchise tax on finished goods in excess of $30 million;
- ★ Waiver of sales tax on qualified machinery and equipment;
- ★ An excise tax credit on qualified machinery and equipment;
- ★ A cap on the amount of taxable finished goods inventory;
- ★ Assistance in training employees (Tennessee Department of Economic and Community Development, 2001).

Where Does Tennessee Rank Compared to Other States?

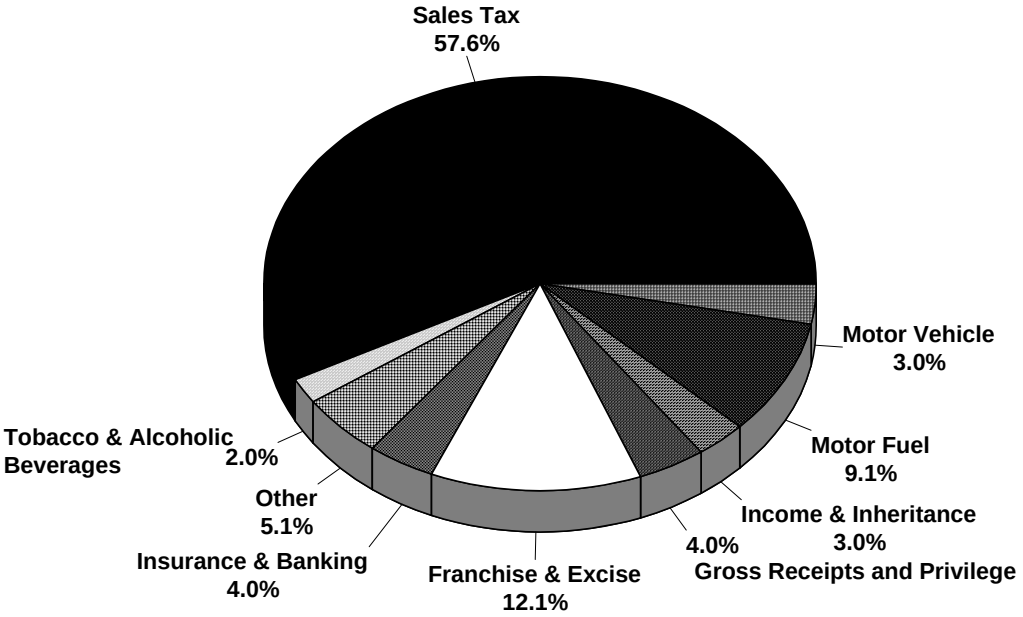
Percent of Population Voting	**50th**
TANF Assistance per Family, 1998	**43rd**
Non- Ag Employment Growth:	
1990-1995	**20th**
1995-1999	**36th**
Per Capita Income, 1999	**35th**
Per Capita Income Growth, 1995-99	**43rd**

Source: W.F. Fox, Center for Business and Economic Research, UT Knoxville, September 1999. (One represents best, 50 represents worst)

With Tennessee's lack of a personal income tax, it should be a poster-child for those that claim income taxes are a hindrance to wealth creation. Yet the wealth generation here in Tennessee has been less than stunning. Wages remain below the national average, and welfare rolls are above it.

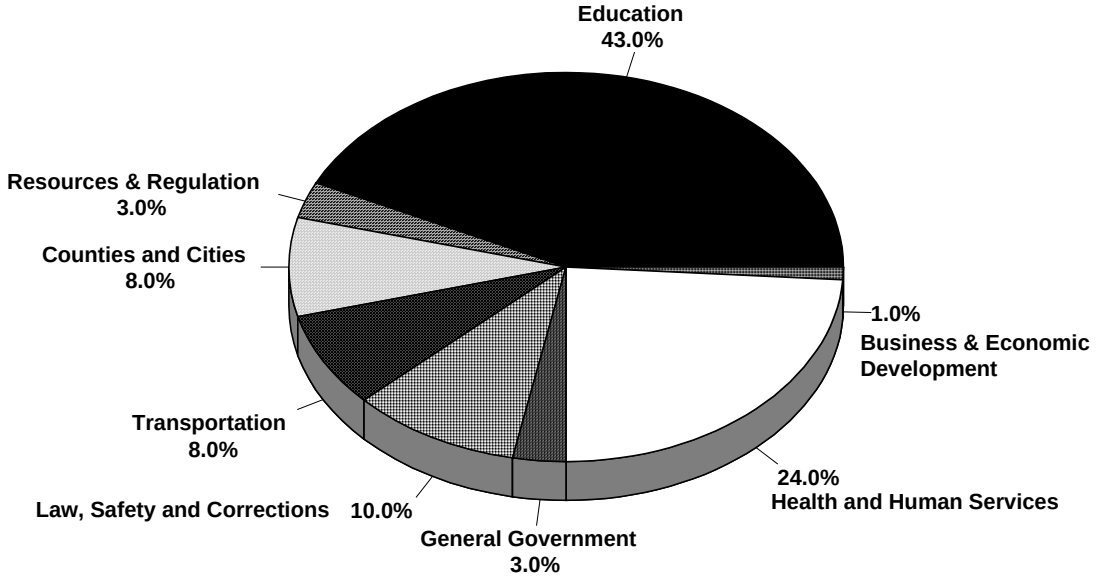
The economic deficit in Tennessee is very painful for its children, as it leaves fewer dollars available to assist them.

Where Your State Tax Dollar Comes From



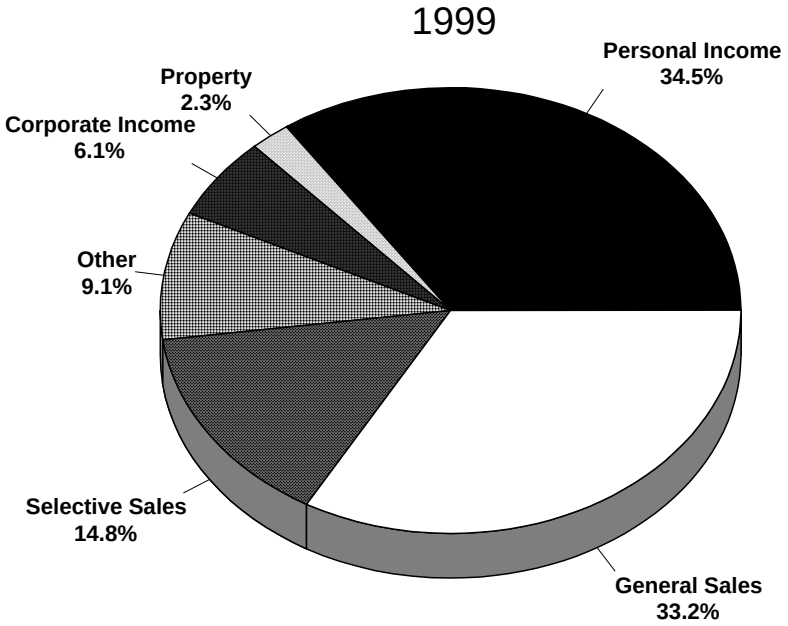
Source: 2000-2001 Budget Summary, State of Tennessee 101st General Assembly

Where Your State Tax Dollar Goes



Source: 2000-2001 Budget Summary 101st General Assembly

How Most States Fund Government



Source: U.S. Census Bureau

Where state tax dollars come from in Tennessee differs strikingly from the sources of state tax dollars across the nation as a whole. Economists suggest that a sound state tax structure is like a three-legged stool: if there are fewer than three legs, it will not stand. Traditionally the three legs are a personal income tax, a sales tax, and miscellaneous other taxes, including corporate taxes.

The July 2001 edition of *Governing* magazine presents national state tax collections by source for 1999. The national pattern follows the three-legged stool analogy, with taxes divided almost equally among personal income, general sales tax, and miscellaneous other sources, including corporate taxes.

Tennessee is missing the third leg of the stool: a broad-based personal income tax. The state's overreliance on the sales tax, perhaps the most unreliable, inelastic, and regressive of taxes, dooms it to an economic deficit.

★ **For the year 2000, Tennessee ranked 48th in the nation in per capita state tax burden**, according to a study released by the Census on July 27, 2001. The state dropped from 47th in 1999. The average Tennessean paid $1,360 in state tax during 2000, 30 percent less than the national average.

Per Capita Tax Loads

State	Amount
United States	**1,921.46**
Kentucky	1,903.77
North Carolina	1,890.36
Arkansas	1,821.86
Virginia	1,786.83
Mississippi	1,656.30
Georgia	1,650.44
Missouri	1,531.94
Alabama	1,447.78
Tennessee	**1,360.38**

Source: U.S. Census Bureau

Tax Reform

For much of the past three years the 101st and 102nd Tennessee General Assemblies have been embroiled in a fierce debate about **problems in our state's revenue and taxation system**. While many citizens appeared to have been taken aback by the mere presentation of the issue, it is important to remember that this is not a new discussion, but rather a continuation of a political debate that has been going on for more than 70 years.

Prior to the 1920s, Tennessee's primary source of state government revenue was a state property tax. Though agriculture continues to be a major industry in Tennessee today, before World War II it was effectively our only industry. However, as Tennessee's industrial age began, there was a great need for school improvement to provide a more skilled workforce. To provide the new revenues needed to take advantage of an advancing economy, Tennessee did away with its state property tax. **The legislature implemented a sales tax** designed to better reflect the new economic situation in the state.

Inequities caused by this system were quickly apparent, leading the Tennessee General Assembly of the 1930s to pass a state income tax to distribute revenue collections more equitably among the population**.** This income tax was subsequently repealed when the Tennessee State Supreme Court ruled it unconstitutional in the form at that time. **Attorney General Paul Summers and three previous state attorney generals** (Leech, 1981; Cody, 1985; Burson, 1993) **have ruled that a properly drafted income tax would be constitutional**.

In 1974, a candidate brought this issue back to the forefront during his unsuccessful bid for the governorship when he urged Tennesseans to tax luxuries, not necessities. Since that campaign, several governors have sought improvements to the state's revenue collection system.

- ★ Governor Lamar Alexander sought a new system to resolve specific problems in the state prison system.
- ★ Governor Ned McWherter took up tax reform to renew our faltering education system.
- ★ Governor Don Sunquist attempted to initiate tax reform to address chronic underfunding.

Problems with Tennessee's sales tax center on these three specific issues: elasticity, leakage, and regressivity.

Our tax system is **inelastic**, an undesirable feature in a tax system. Elasticity measures the change in demand of a good measured against the change in the price of the good. For taxation, elasticity measures how much revenues change as incomes change. Under Tennessee's sales tax system, tax revenues increase more slowly than incomes. In fact, **revenues from the sales tax grow at only about 85 percent of personal income growth**. Since revenue does not rise at the same rate as the costs of providing essential services, a structural economic deficit results. To keep up with rising costs, periodic increases in the sales tax rates become necessary.

In addition to the inherent inelasticity of a sales tax, there are several reasons why Tennessee's sales tax revenues do not grow at the same rate as the economy.

- ★ While the sales tax is applicable to most goods, including even staples such as food and clothing for our children, billions of dollars of goods are exempt from the tax (newspapers,

farm equipment and industrial machinery, and airplanes). Note: Tennessee taxes food for our children but not food for our livestock.

Sales tax revenue growth is also hindered by **leakage**, occurring when people reduce or avoid the sales tax by making purchases in a neighboring state with a more favorable tax rate. **All of Tennessee's neighboring states have lower general sales tax rates; Kentucky completely exempts food from sales taxes**. Historically, leakage increases as tax rates increase, as the higher taxes drive more people across the border to make purchases.

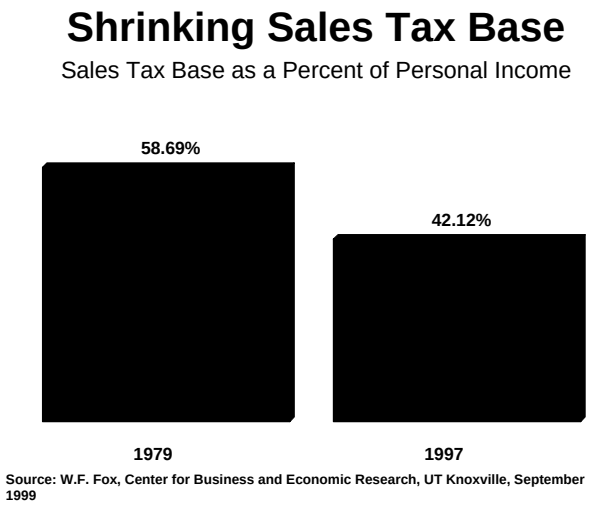
- ★ The ease with which one avoids state and local sales taxes is, in many ways, a matter of geography. Since almost **70 percent of Tennessee citizens live within 30 minutes of a state with a lower sales tax,** many of our citizens may easily escape paying some of these taxes. People balance their time and money in different ways. Few of us would drive to another state to avoid taxes on a gallon of milk, but the savings when purchasing a full week's worth of groceries might pay for your gas and your time and effort. The incentive increases in proportion to the value of the items purchased. People are sometimes willing to drive great distances when buying high-ticket items, such as televisions or jewelry.
- ★ Some leakage occurs when people make additional purchases of items when they are out of state for business or pleasure. The gas, snacks, and other items they purchase due to **our higher sales tax level results in a loss of revenue for our state.**
- ★ Leakage between counties within Tennessee results from the **variance in county and local tax rates,** creating a problem for some localities. Rapidly growing suburban areas in counties surrounding major urban areas increase the need for services such as education and roads in these suburbs. However, most of the jobs and retail centers remain within the urban counties. Since many citizens are commuting into urban areas to work, making purchases there is a matter of convenience or availability; this convenience can cost the areas where the workers live the funds they need to provide services to their commuting residents. Often the determining factor in how well the system funds a county's budget is whether that county has a major retail center like Wal-Mart.

The use of catalogs or the Internet for purchases also results in leakage. Collecting sales tax from catalog sales has always been a problem, but **the increasing use of the Internet to make purchases poses an astronomically greater risk to Tennessee's revenue supply**.

- ★ By federal law, sales taxes can only be collected from merchants who have an actual physical presence in the state.
- ★ The U.S. Congress has placed **a moratorium on new taxes on the Internet**, meaning Internet services cannot be taxed in the same way as telephone or cable television services can.
- ★ The age of technology has broadened the scope of sales tax avoidance to levels that would have been inconceivable at the time Tennessee adopted the sales tax system.

Since the Internet is more available to wealthier consumers, as online buying becomes more popular, especially for luxury items**, wealthier people are more easily able to avoid paying their share of sales taxes**, **further shifting the tax burden of an already regressive system onto the shoulders of the lower income groups.**

Tennessee does have a **Use Tax**, requiring citizens to pay taxes on the use value of out-of-state purchases. However, many citizens are probably completely unaware of this tax, with others of the population ignoring its requirements.



★ Obviously, **sales tax avoidance is a much bigger problem in states that rely heavily on sales taxes to generate revenue.**

A regressive tax is one in which **people with a smaller income pay a larger percentage of that income in taxes.** For example, if you have two taxpayers: one earning $10,000 and paying $1,000 in taxes; the other earning $100,000 and paying $5,000 in taxes. Even though the higher earner pays more dollars, the system is regressive since the $10,000 earner pays 10 percent of his income in taxes versus 5 percent by the higher earner. Under a neutral system, each pays the same percentage (in this example, $1,000 and $10,000 respectively). A progressive system results when the higher earner pays a higher percentage than the lower earner.

How is the sales tax regressive? When a lower income earner and higher income earner buy the same item, they pay the same dollars in sales taxes, a lower percentage of income for the higher earner. Although higher income earners buy more things, thus paying more dollars of taxes than do lower income earners, they tend to spend a smaller percentage of their total income on things subject to the sales tax. Thus, **those with higher incomes are taxed on a smaller percentage of their total income.** Further, they tend to be greater consumers of services exempted from taxation, increasing the regressivity of Tennessee's system.

Eliminating the tax on staples, such as food, would help alleviate some of the regressiveness, as these items tend to be inelastic purchases made by people in all income groups. In other words, rich or poor, working or not, we must all purchase food for our families.

The maps on the following pages indicate taxes in Tennessee compared to those in bordering states/counties.

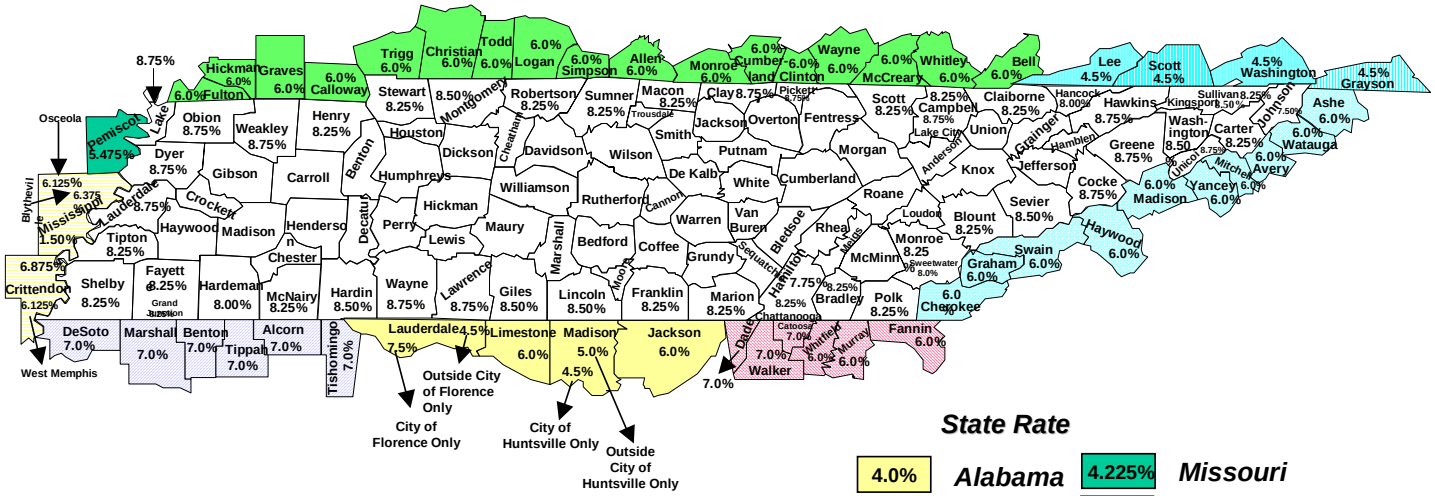
★ **Map 1** indicates that the combined state and local sales tax rate in Tennessee is higher than in any bordering state.

★ **Map 2** reflects the sales tax rates on groceries in Tennessee and bordering states/counties. There is no sales tax at all on groceries in Kentucky. All other states have lower sales tax rates on groceries than Tennessee. Georgia and North Carolina do not have a state sales tax on groceries, but do have low local sales taxes, and Virginia's combined state and local rate is less than half the Tennessee rate.

★ **Map 3** presents the state tax on gasoline in Tennessee and bordering states/counties. Only North Carolina has a higher tax on gasoline than Tennessee, and Georgia taxes gasoline at more than ten cents less per gallon than Tennessee.

★ All states bordering Tennessee have graduated personal income tax rates, and those rates are reported on **Map 4**.

Map 1. Combined State and Local Option Sales Tax Rates for the Counties Bordering Tennessee

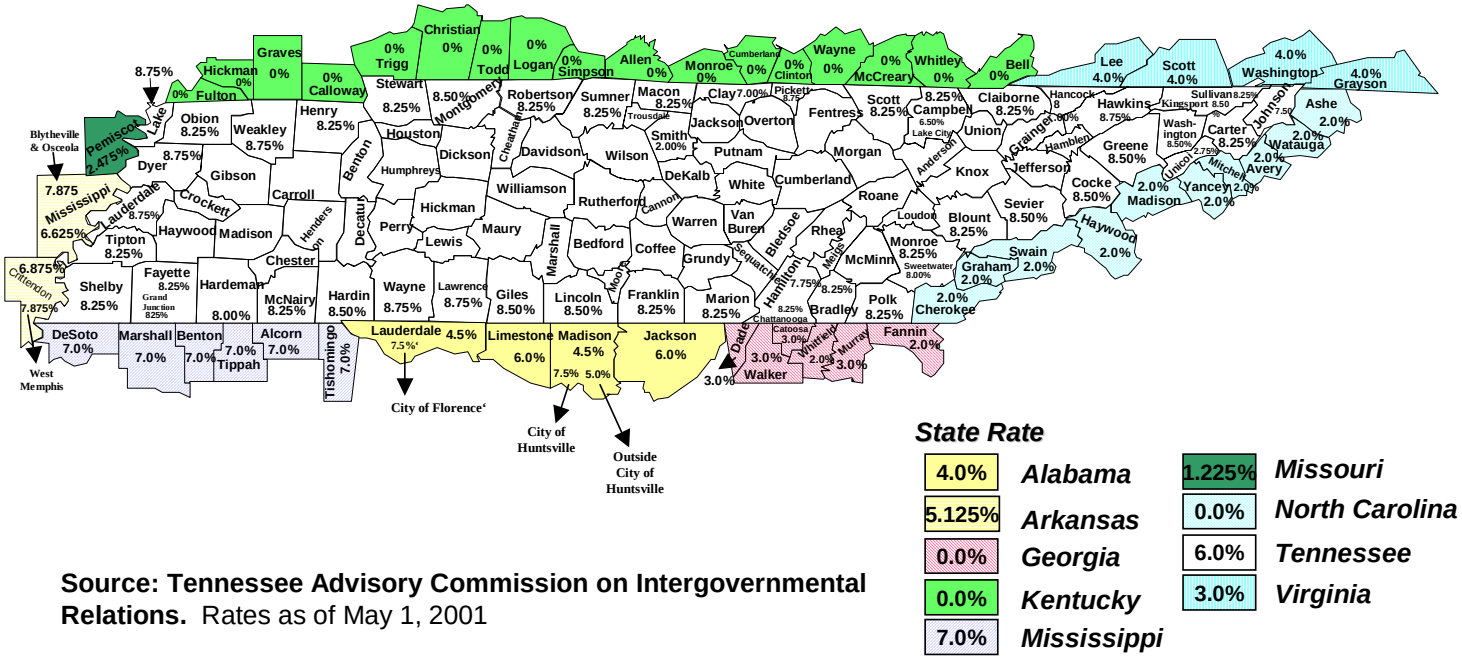


Source: Tennessee Advisory Commission on Intergovernmental Relation. Rates as of May 1, 2001

State Rate

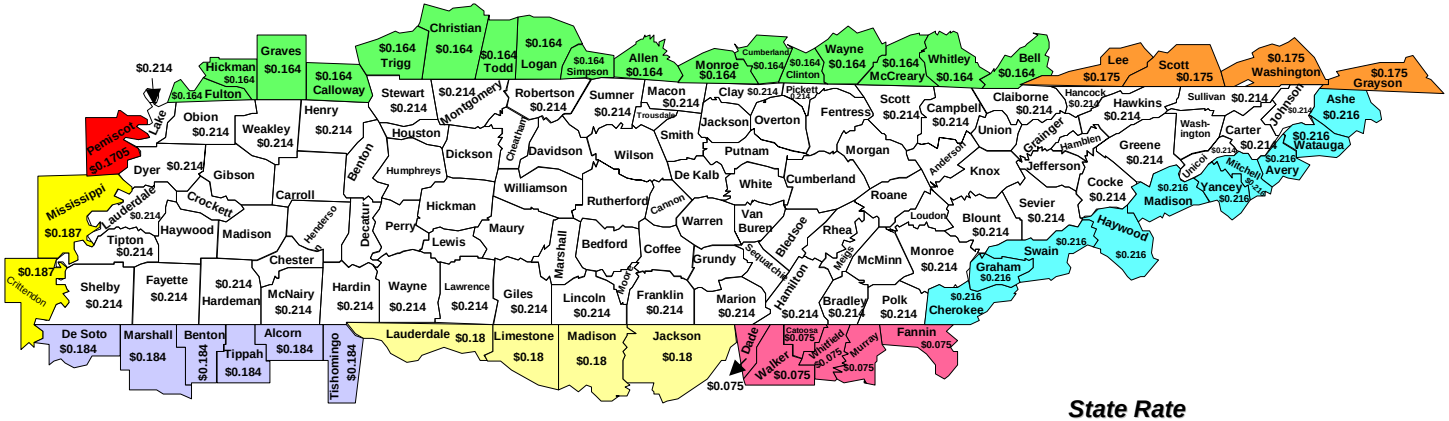
4.0%	*Alabama*	4.225%	*Missouri*
5.125%	*Arkansas*	4.0%	*Virginia*
4.0%	*Georgia*	6.0%	*Tennessee*
6.0%	*Kentucky*	3.5%	*North Carolina*
7.0%	*Mississippi*		

Map 2: State and Local Option Sales Rates on Groceries
Tennessee and Out-of-State Border Counties



Source: Tennessee Advisory Commission on Intergovernmental Relations. Rates as of May 1, 2001

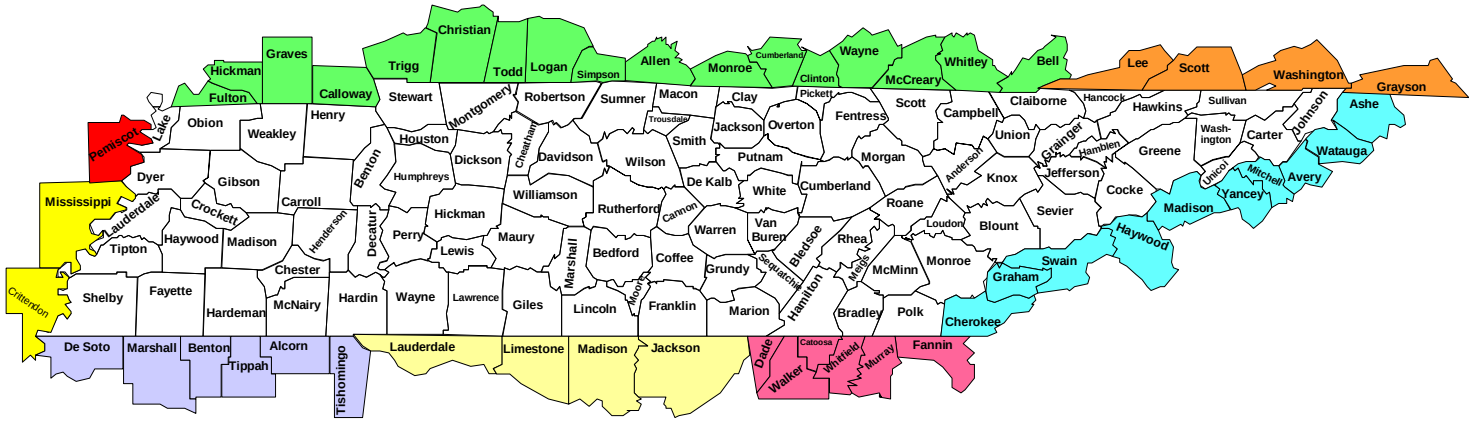
Map 3. State Tax on Gasoline in Tennessee and Out-of-State Border Counties



Georgia levies a 3% tax on total retail sale price of gasoline. Rates include nominal environmental assurance fees except for Georgia.

Source: Tennessee Advisory Commission on Intergovernmental Relations

Map 4. All States Bordering Tennessee Have Graduated Personal Income Taxes



State Graduated Tax Rate Range/Number Brackets

2.0%-5.0%/3 brackets	*Alabama*
1.0%-7.0%/6 brackets	*Arkansas*
1.0%-6.0%/6 brackets	*Georgia*
2.0%-6.0%/5 brackets	*Kentucky*
3.0%-5.0%/3 brackets	*Mississippi*
1.5%-6.0%/10 brackets	*Missouri*
6.0%-7.75%/3 brackets	*North Carolina*
N/A	*Tennessee*
2.0%-5.75%/4 brackets	*Virginia*

Source: Tennessee Advisory Commission on Intergovernmental Relations

Real or perceived opposition to a state income tax has long been a factor in Tennessee's failure to move toward a more fair, adequate and elastic tax system. However, the horn-honkers and broken windows in the State Capitol in July 2001 notwithstanding, polling conducted in May 2001 indicated increased understanding of the need and consequently support for an income tax.

When an income tax is coupled with reductions in the overall sales tax and elimination of the sales tax on groceries, non-prescription drugs (prescription drugs are already exempt), and clothing, the support increases a little more. Additional support is expressed when other factors are included. The maps on page 55 present the results of a statewide poll of registered voters that was conducted in May 2001 by Citizens for Fair Taxes, a business-funded coalition that supported tax reform in Tennessee.

The poll asked questions about support for an income tax using a piece of pending legislation (SB 1920/HB 1948) as an example. Information regarding this legislation is presented in this publication, like in the poll, not as an endorsement, but as an example of the potential impact of tax reform on Tennessee citizens.

Some of the key provisions of SB 1920/HB 1948 included the following:

- ★ 6 percent Hall Income Tax would be repealed;
- ★ Local option sales tax would be repealed;
- ★ Uniform state sales tax rate would be 7 percent;
- ★ Grocery food, clothing and non-prescription drugs would be exempt (prescription drugs are already exempt);
- ★ A broad-based, graduated personal income tax;
- ★ Four rates ranging from 3.5 to 6 percent;
- ★ $18,000 exemption for a single tax payer, $36,000 for married couples;
- ★ $26,400 exemption for a single head of household;
- ★ $2,500 deduction allowed for each additional dependent;
- ★ With some exceptions, including deduction of one-half of long-term capital gains, income tax applies to adjusted gross income (AGI) on the federal income tax form;
- ★ Tennessee residents would get a credit for income taxes paid on the same income in another state;
- ★ Non-residents earning income in Tennessee would pay the income tax to Tennessee and receive a credit in their state of residency;
- ★ Corporate income (excise) tax would be increased from 6 percent to 6.5 percent;
- ★ Professional privilege tax to be allowed as a credit against the income tax liability.

Other sources of revenue that have been discussed include increasing the sales tax, which already provides 57 percent of Tennessee state revenue, or expanding the sales tax to services. The majority of services currently exempt are exempt for good reasons. The medical services category includes the largest group of services exempt from the sales tax. Many other services are exempt in

Tennessee, and in other states, because taxing them would likely result in those services being purchased out of state in order to avoid the sales tax, or being brought in house by large corporations, including such services as accounting, legal and advertising.

- ★ **Tennesseans who work in neighboring states already pay an income tax** in the states where they work. That tax would be a credit against any income tax they owed in Tennessee.
- ★ **Tennessee workers who live in neighboring states already pay an income tax** in the state where they reside. If Tennessee had an income tax, they would pay it here and receive a credit in their home state.
- ★ **Tennessee professional athletes and entertainers pay the income taxes of other states** when they play there. Likewise, if Tennessee had an income tax, players who come in for games with the Titans, Predators, Grizzlies, and arena football or minor league baseball teams would pay an income tax in Tennessee based on the proportion of their income represented by games played in the state. The same would apply to entertainers.

The following chart indicates the impact of various tax structures in Tennessee on different family types and income levels. It indicates that the current system or a system that expands the sales tax to services requires a greater percentage of income from lower income families. The proposed income tax would more fairly distribute the burden across family types and income levels.

An analysis of the estimated financial impact of SB 1920/HB 1948 on households in Tennessee was completed to see whether most households would pay more or less taxes if this legislation were passed. The map on page 55 graphically presents the results of that analysis, and the table on the following page presents the percentages by county. The only county in Tennessee where less than half of the households would pay less taxes under a structure similar to that proposed by SB 1920/HB 1948 is Williamson, and estimates are that even there 46 percent would pay less. In the majority of counties (59), 70 percent or more of households would pay less.

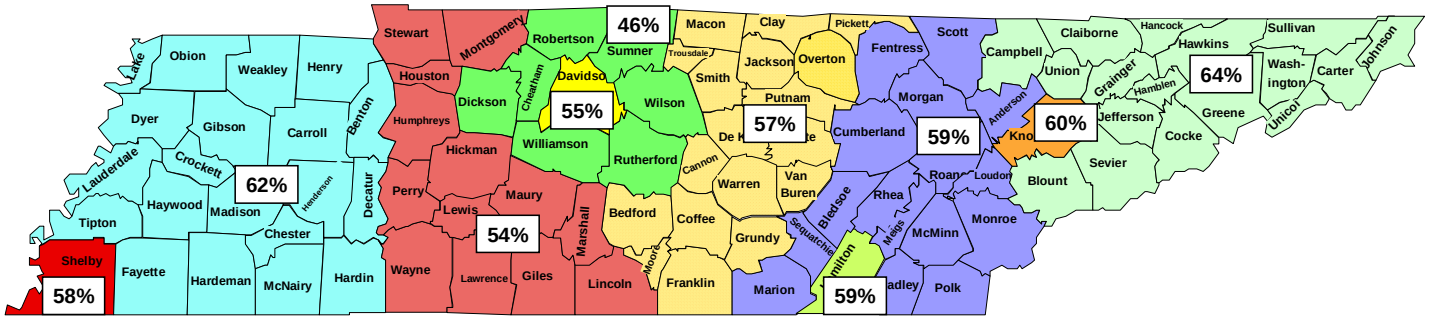
Comparison of Proposed Legislation vs. Current Sales Tax

Impact on Various Income Groups

Family Type and Income	Percent of Income Paid in Taxes	Percent of Income Paid in Taxes	Percent of Income Paid in Taxes
	Current Sales Tax Structure	Sales and Services	Previously Proposed Rochelle/Head/Elsea Income Tax Bill
Single Female-Headed Household Earning $10,000	7.14%	8.94%	4.2%
Single Female-Headed Household Earning $17,000	5.99%	7.44%	3.52%
Husband/Wife Earning $17,000	6.36%	7.81%	3.67%
Husband/Wife Earning $35,000	4.19%	4.98%	2.56%
Husband/Wife Earning $44,000	4.77%	5.65%	2.41%
Husband/Wife Earning $60,000	3.30%	3.93%	3.1%
Husband/Wife Earning $113,000	2.54%	3.1%	4.49%

Source: Tax Reform Study, Women's Institute for Policy Studies, Vanderbilt University "Tax Reform Study 2001."

Percent of Registered Voters in Support of an Income Tax (SB 1920/HB 1948)
Statewide Average in Support: 58%

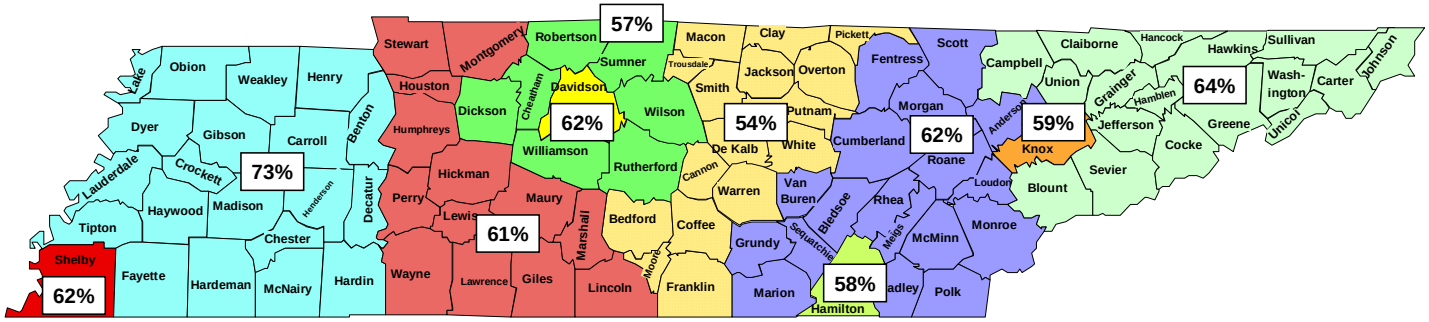


Percent of Registered Voters Supporting the Reform Package:

- Income Tax (SB1920/HB1948) - Performance Based Budgeting

- Governor's Reading Initiative - Mandatory Tax Rebate Requirements

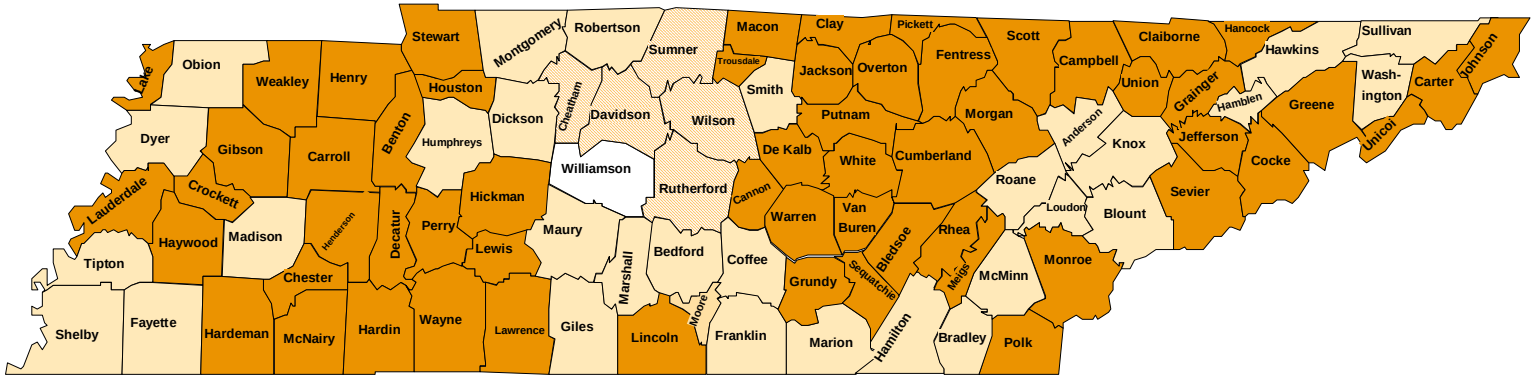
Statewide Average in Support: 62%



Citizens for Fair Taxes Poll: May 5-11, 2001

SB 1920 / HB 1948
Estimated Financial Impact on Households in Tennessee

Statewide Average 65%
(Revised Estimate)



Legend

- 49% and below
- 50-59%
- 60-69%
- 70% and above

Sources: Data – Income tax simulations by Department of Revenue using 1999 IRS returns and estimates by Tennessee Advisory Commission on Intergovernmental Relations on impact of other elements of SB 1920.

Cartography – Legislative Information Services

Percent of Households Paying Less in Taxes Under Proposed SB1920/HB1948 Tax Reform Legislation

County	Percent of Households Paying Less in Taxes	County	Percent of Households Paying Less in Taxes	County	Percent of Households Paying Less in Taxes
Anderson	64%	Hamilton	63%	Moore	67%
Bedford	69%	Hancock	89%	Morgan	78%
Benton	78%	Hardeman	80%	Obion	67%
Bledsoe	80%	Hardin	79%	Overton	81%
Blount	62%	Hawkins	69%	Perry	77%
Bradley	67%	Haywood	82%	Pickett	87%
Campbell	81%	Henderson	71%	Polk	74%
Cannon	72%	Henry	76%	Putnam	71%
Carroll	72%	Hickman	72%	Rhea	71%
Carter	77%	Houston	76%	Roane	66%
Cheatham	57%	Humphreys	69%	Robertson	60%
Chester	72%	Jackson	85%	Rutherford	55%
Claiborne	82%	Jefferson	72%	Scott	87%
Clay	88%	Johnson	81%	Sequatchie	73%
Cocke	83%	Knox	61%	Sevier	75%
Coffee	69%	Lake	82%	Shelby	64%
Crockett	76%	Lauderdale	78%	Smith	68%
Cumberland	75%	Lawrence	75%	Stewart	71%
Davidson	57%	Lewis	78%	Sullivan	67%
Decatur	77%	Lincoln	70%	Sumner	58%
DeKalb	73%	Loudon	60%	Tipton	64%
Dickson	64%	Macon	76%	Trousdale	72%
Dyer	69%	Madison	66%	Unicoi	72%
Fayette	67%	Marion	70%	Union	80%
Fentress	92%	Marshall	64%	Van Buren	77%
Franklin	68%	Maury	61%	Warren	72%
Gibson	71%	McMinn	69%	Washington	67%
Giles	68%	McNairy	76%	Wayne	83%
Grainger	78%	Meigs	74%	Weakley	72%
Greene	73%	Monroe	75%	White	77%
Grundy	87%	Montgomery	67%	Williamson	46%
Hamblen	68%			Wilson	54%

Average Statewide Households Paying Less in Taxes: 65%

Sources: See map on page 56.

★★★A Three-Star View★★★

from C. Warren Neel, Commissioner of the Tennessee Department of Finance and Administration. Copyrighted by *The* (Nashville) *Tennessean, July 12,2001.*

Argument for Reform from an Unlikely Source

Early last Friday morning after the legislature voted an austere budget and the crowd of vocal anti-tax protesters departed, I walked to my office to survey the damage. The sun's rays had just hit the dome as I stood on the plaza remembering the images from the evening before.

It was about 6 p.m. A young mother led her three small children up the Capitol steps. Her son was always near, sometimes reaching out to touch his mother's dress. Her daughters, the oldest no more than four, held her sister's hand as they entered the rotunda. A concerned parent, she brought her children to witness the legislative process.

Soon more people arrived. Some were wearing white shirts and ties, others in jeans, and still others in cutoffs and sandals. By 6:15 p.m. the building was packed and the deafening chant ''No more taxes'' begun. Protesters outside took up the mantra. A security officer escorted a man from upstairs. Doors slammed, and I heard glass break. The mother I had seen earlier scurried out with her children in tow disappearing into the crowd that was circling the veranda around the first floor.

A woman broke a window adjacent to the south entrance. Another protester shattered a glass with a stick holding a protest sign. Still others pounded their fistson the doors and windows of every office. I recall thinking that this was no longer a protest but a full-blown, angry mob.

Those images came rushing back as I watched the sun bathe this magnificent building. The grounds crew had done a commendable job cleaning up the bottles, beer cans and sandwich wrappers from the night's aftermath. There was only one remnant left from the mob. I could see a sign hanging from the arm of the statue of Edward Carmack.

The author of the sign had made an extraordinary effort. While legislative leaders debated the funding for an education program for Tennessee's children, this protester, fueled by anger, climbed the statue to place his sign for everyone to see.

I moved closer to read its message. What I saw was far more poignant and compelling that any debate for tax reform that I'd heard over the last six months.

The sign read: ''Rember November.''

What was meant as a demand of accountability from the legislators still accomplished its goal — though maybe not the way the author intended. The very enemy of tax reform and hope for tomorrow's generation has made our case for us.

Perhaps not everyone wishes to have a quality education. It's a free country. But let's not deny it to those who do.

If we debate the events of July 12, let's not bother with the issues of free speech versus vandalism, difference of opinion versus intolerance, or boorishness versus civility. Important as they are, they are petty beside the future we provide the next generation.

The most important thing we can do today is to remember ''Rember November.''

TENNESSEE'S CHILDREN: WE CAN DO BETTER

Tennessee Can Do Better!

Without adequate finances, transportation costs could prevent a parent from providing stimulating trips to free activities such as trips to the library or to a public park.

The reality for families with limited resources is one of choices, and none are easy ones. Hard working parents may need services such as TennCare, child care assistance, food stamps, and housing and job assistance just to make ends meet. Without the availability of these services, low-income families could be bankrupt and or homeless in a short period of time, putting the children at risk for developmental delays or poor health.

When compared with other states Tennessee ranked:

- ★ 49th in library systems;
- ★ 48th in total library operating expenditures;
- ★ 50th in home and community-based care;

Data Table on Statistics for Children and Youth

Taken from KIDS COUNT Data for 1997,1998, 1999.

Indicator	Units	Statewide	Davidson	Hamilton	Knox	Shelby
Teen Pregnancy Rate	per thousand	48.2	58.9	49.8	31.5	75.2
Infant Mortality	per thousand	8.2	8	7.3	5.3	13.4
Percent Low-Birth-Weight Babies	percentage	9.1	9.8	9.6	9	11.3
*Percent of Children Below the Poverty Line	percentage	18.9	18.6	18.8	16.2	22.1
Child Abuse and Neglect Rate	per thousand	6.9	7.1	6.2	6.8	7.4
**Population of Children in Tennessee, 1999		1,533,309	150,326	81,263	99,059	282,539

Source: KIDS COUNT, State of the Child in Tennessee, 2000. *Percentage of Children in Poverty, 1997, **Population through age 19.

- ★ 46th in percent of persons age 25 and over with a high school degree;
- ★ 41st in percent of adults with a bachelor's diploma;
- ★ 50th in total education spending per capita; 49th in elementary and secondary education;
- ★ 45th in the "Condition of Children" index;
- ★ 43th in indicators of child well-being;
- ★ 49th in state and local taxes as a percent of personal income.

Out of the 50 states:

- ★ 27 states extend TANF benefits to children born or conceived while a mother is on welfare, Tennessee does not.
- ★ 31 states funded programs for infants and toddlers that have a central focus on child development and/or family support; Tennessee did not. These programs have an explicit focus on promoting positive parent-child relationships or school readiness.

Providing a safety net for Tennessee's children could be the most cost-effective way to address potential problems in years to come.

Dollars Spent per Child Under Age 6

More than $200	Between $100 and $200	Between $20 and $100	Between $0 and $20	No Funds
California	Alaska	Arizona	Idaho	Alabama
District of Columbia	Connecticut	Arkansas	Louisiana	Mississippi
Georgia	Delaware	Colorado	Montana	South Dakota
Massachusetts	Florida	Hawaii	Nebraska	Utah
North Carolina	Illinois	Indiana	Nevada	Wyoming
Oklahoma	Kentucky	Iowa	New Hampshire	
	Minnesota	Kansas	North Dakota	
	Missouri	Maine	Pennsylvania	
	Ohio	Maryland	**Tennessee**	
	Oregon	Michigan		
	Rhode Island	New Mexico		
	South Carolina	New York		
	Texas	Vermont		
	Wisconsin	Virginia		
		Washington		
		West Virginia		

Source: National Center for Children in Poverty, 2000.
New Jersey classifies funding information differently from other states.

What does it take for Tennessee to do better in meeting the needs of children, families, and other vulnerable populations? Unfortunately, insufficient revenue makes it difficult to provide even a basic level of adequate services.

Realistically, in Tennessee the primary strategy to achieve more adequate funding has been to resort to litigation in state or federal court. The following are examples of areas where funding was improved (though it may still be inadequate) as a result of court orders or consent decrees:

- ★ "Small Schools" lawsuit to provide equity in educational funding across counties.
- ★ Lawsuits for improvements in services for developmentally disabled children and adults.
- ★ Litigation to require adequate/appropriate services for dependent, neglected and abused children in state custody.
- ★ Lawsuits to ensure compliance with federal requirements to provide services and comply with basic due process standards under TennCare/Medicaid.

Tennessee can and should do better. The state's economic well-being and the future of our children depend on Tennessee doing better.

References

Acs, G. & Gallagher, M. (1999). Sources of Support and Income Irregularity Among American Children: *Assessing the New Federalism*, Discussion Paper, The Urban Institute. Washington, DC.

Agency for Health Care Policy and Research. (1998, December). *Treatment Costs are Nearly Five Times as High for Infants Weighing Closer to 2 Pounds than 3 Pounds*. *AHCPR, Research Activities,* Vol. 222, Rockville, MD. http://www.ahcpr.gov/.

Annie E. Casey Foundation. (2001). *KIDS COUNT 2001 Data Book*. Baltimore, M.D.

Benton Foundation. (2000). *Addressing the Demand for an Information Age Workforce,* Washington, DC. http://www.digitaldividenetwork.org/content/stories/index.cfm?key=20

Bureau of Labor Statistics, U.S. Department of Labor. (2000). The 1998-2008 Job Outlook in Brief, *Occupational Outlook Quarterly*. Washington, DC.

Button, K., Cox, K., Stough, R., & Taylor, S. (2000). *The Long Term Educational Needs of a High-technology Society,* 21st Century Workforce Commission, Mason Enterprise Center and The School of Public Policy, George Mason University. Washington, DC. www.workforce21.org/research_synthesis.htm.

Children's Defense Fund (2000). *State of Tennessee's Children: Children in the States.* Washington, DC. *http://www.childrensdefense.org/states/data.tn.htm.*

Christopher, K., England, P., Ross, K., Smeeding, T., & McLanahan, S. (2000). *Women's Poverty Relative to Men's in Affluent Nations*: *Single Motherhood and the State.* Joint Center for Poverty, Research Summaries. Washington, DC.

Comptroller of the Treasury. (2000). *Teaching Kids to Read: Is Tennessee Doing Enough*. Nashville, TN.

Corporation for Enterprise Development. (2000). *14th Annual Development Report Card for the States 2000*. Washington, DC.

Douglas, T., & Flores, K. (1998). *Federal and State Funding for Children's Programs*, The Urban Institute. http://newfederalism.urban.org/html/occa5.html.

Education Finance Statistics Center, National Center for Education Statistics, Public School District Finance Peer Search: School Year 1995-96. http://nces.ed.gov/edfin/search/search_intro.asp

Education Week. (2001*). Quality Counts 2001: A Better Balance: Standards, Tests and State of the States*, Vol. 20, No. 17. Bethesda, MD.

Entrance Examination Board. (2000). *Tuition and Fees 2000-2001: Tennessee, The Annual survey of Colleges of the College Board*. New York, NY.

Federal Election Commission. (1999). *Voter Registration and Turnout – 1998*. www.fec.gov/pages/reg&to98.htm.

Fitzpatrick, C.S., Lazere, E. (1999). *Poverty Despite Work Handbook.* Center on Budget and Policy Priorities. Washington, DC.

Fox, W.F., Boyer, M., Cunningham, V., Vickers, B.B., (1998). *Families First.* Prepared for the Department of Human Services by the Center for Business and Economic Research, The University of Tennessee, Knoxville. Knoxville, TN.

Governing Source, Magazine Supplement. (2000). *State & Local Source Book 2000*. Washington, DC.

Governing 2000 State and Local Source Book. (2000). *Government Performance Project 2001/ Report Card: Tennessee*. Washington, DC. http://governing.com/gpp/gp1tn.htm.

Greenstein, R., Jaffe, J., Kayatix, T.. (1999). *Low Unemployment Rising Wages Fuel Poverty Declines*. Center on Budget and Policy Priorities. Washington, DC.

Immerwahr, J.. (1998). *The Price of Admission: The Growing Importance of Higher Education*, National Center for Higher Education and Policy. San Jose, CA

Institute for Women's Policy Research. (1998). *Median Annual Female and Male Earnings by Dollar and Ratio for Full Time, Full Year, Employed Men and Women: Research Brief.* Washington, DC.

Institute for Women's Policy Research. (2000). *The Status of Women in Tennessee*: *Highlights, 2000 in The Status of Women in the States*. Washington, DC. www.iwpr.org/states.

Lehrman, R.I., Schmidt, S.. (1999). *An Overview of Economic, Social and Democratic Trends Affecting the U.S. Labor Market.* The Urban Institute. Washington, DC.

MDC, Inc. (2000). *State of the South 2000*. Chapel Hill, NC. http://www.mdcinc.org/SofSfront_2.pdf

National Center for Children in Poverty. (2000). *Map and Track 2000.* New York, NY.

National Center for Children in Poverty. (1996). *One in Four: America's Youngest Poor*. 31-52. New York, NY.

National Center for Education Statistics. (1999). *National Assessment of Educational Progress, 1998 Writing State Reports*. Washington, DC.

National Center for Higher Education and Policy. (1997). *1996 State Assessment in Mathematics*. Washington, DC.

National Center for Higher Education and Policy. (2000). *Measuring Up 2000: The State by State Report Card for Higher Education*. San Jose, Calif.

National Institute for Literacy. (2000). *Fact Sheet: Correctional Education.* Washington, DC. http://www.nifl.gov/newworld/corret.htm.

National Low Income Housing Coalition. (2000). *Out of Reach, Tennessee.* Washington, DC. http://www.nlihc.org/cgi-bix/data.

Primus, W., Rawlings, L., Larix, K., Porter, K. (1999). *The Initial Impact of Welfare Reform on the Incomes of Single Mother Families.* Center on Budget and Policy Priorities. Washington, DC.

Rand Corp. (1997). *Breaking the Social Contract: The Fiscal Crisis in Higher Education*. Washington, DC. www.rand.org/publications/CAE/CAE100.

Rural Trust. (2000*). "Why Rural Matters": The Need for Every State to Take Action on Rural Education.* Washington, DC.

Sherman, A. (1997). Children's Defense Fund, *The High Cost of Poverty in America*, *Poverty Matters*. Washington, DC.

Southern Regional Education Board. (2001). *Fact Book on Higher Education*. Atlanta, GA.

Southern Regional Education Board. (2000). *Faculty Salaries in Colleges and Universities: Where Do SREB States Stand.* Atlanta, GA, 2000. http://www.sreb.org/main/Benchmarks2000/facultysalaries.asp.

Southern Regional Education Board. (2000). *Teaching All Kids to Read*. Atlanta, GA. http://www.sreb.org/programs/srr/pubs/teachall/TeachingAllChildren.pdf.

Stateline.org. (2000). Pew Center on the States*, Education Data*. Richmond, VA. http://www.stateline.org/issuefact.cfm?IssueID=124.

Tennessee Commission on Children and Youth. (2000). *KIDS COUNT: The State of the Child in Tennessee 2000.* Nashville, TN.

Tennessee Department of Economic and Community Development. (2001). http://www.state.tn.us/ecd/tax_info.htm.

Tennessee Department of Health. (2000). *Tennessee's Child Health Insurance Program.* TennCare Bureau. Nashville, TN. http://www.state.tn.us/health/tenncare/.

Tennessee Department of Health. (2000). *Trends in Low-Birth-Weight- Babies.* Nashville, TN.

Tennessee Regulatory Authority. (2000). *Tennessee's Digital Divide.* Nashville, TN.

Tennessee State Board of Education. (2000). *Tennessee Basic Education Program, 2000-2001.* Nashville, TN.

The College Board. (2000). *Trends in College Pricing 2000*. New York, NY.

The College Board. (2000). *Trends in Student Aid 2000*. New York, NY.

U.S. Census Bureau. (2000). *Including Confidence Intervals of Estimates: March 2000*, Washington, DC. http://www.census.gov/population/socdemo/education/p20-536/p20-536.pdf.

U.S. Census Bureau. (2000). *Educational Attainment of the Population 25 Years and Over, By State*. Washington, DC.

U.S. Department of Commerce National Telecommunications and Information Administration (2000). *Falling Through the Net*. Washington, D.C.

U.S. Department of Commerce Office of Technology Policy. (1999). *America's New Deficit: The Shortage of Information Technology Workers*. Washington, DC. http://www.ta.doc.gov/Reports/itsw/itsw.pdf.

U.S. Department of Education. (2000). *Condition of Education 1999 and 2000*. Washington, DC.

U.S. Department of Housing and Urban Development. (1999). *HUD News:1999 Home Ownership Rate Hits Record Annual High of 66.8 Percent.* Washington, DC. http://www.hud.gov/pressrel/pr00-17.html.

U.S. News and World Report. (2001). *Top National Public Universities, 2001 College Rankings*. New York, NY. http://www.usnews.com/usnews/edu/college/rankings/natu_pub.htm.

WHY WILL CHILDREN WHO LIVE

in a country considered the most powerful country on earth,

★

in a state of agricultural and manufacturing wealth,

★

in a time of nearly unprecedented growth,

★

in a time of less than 5 percent unemployment,

★

go to bed tonight lacking the food, medicine, and family support they need?

Tennessee Commission on Children and Youth authorization number 316047. 5,000 copies. July 2001. This public document was promulgated at a cost of $1.78 each.