

IN THE CHANCERY COURT OF SHELBY COUNTY, TENNESSEE  
FOR THE THIRTIETH JUDICIAL DISTRICT AT MEMPHIS

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THE STATE OF TENNESSEE, ex rel  
THE BOARD OF EDUCATION OF  
THE MEMPHIS CITY SCHOOLS,

Plaintiff

and

MEMPHIS EDUCATION ASSOCIATION

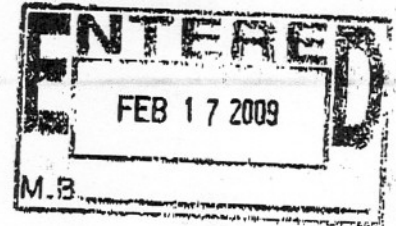
Intervening Plaintiff,

v.

THE CITY OF MEMPHIS, CITY  
COUNCIL OF THE CITY OF MEMPHIS

Defendant.

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CH-08-1139-3

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MEMORANDUM OPINION

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This lawsuit arises from the decision by the Memphis City Council in June 2008 to reduce funding to the Memphis City Schools for the 2008-2009 school year below the funding level provided by the City of Memphis in the previous school year. The Board of Education of the Memphis City Schools subsequently brought this action challenging such reduction by the Council as a violation of the "maintenance of effort" provisions contained in our state's statutes governing funding of public education.

The legislative history of the "maintenance of effort" provisions leaves much to be desired in terms of interpreting the General Assembly's legislative intent in enacting these statutory provisions. There are numerous instances of conflicting statements by legislators regarding the obligations imposed on local legislative bodies by the "maintenance of effort"

provisions. Unfortunately, there is also no legal precedent specifically addressing the issue currently before the Court. There are, however, relevant Attorney General opinions addressing this issue which provide support for the Board of Education's legal position in this case.

However, as pointed out by counsel for the City of Memphis, the Court is not bound by such opinions and must make its own independent decision in this matter.

The issue before the Court is clearly one of first impression, requiring the Court to interpret the statutory provisions in question and to rule on the City's obligation under our state's education statutes with respect to funding for the City school system. While the Memphis City School System is a special school district created by a Private Act of the General Assembly operating under its own charter and not the City's charter, the City's charter does require the City to approve the annual budget of the Board of Education of the Memphis City Schools. Further, the proof presented at trial clearly establishes that funding provided by the City of Memphis is a critical component of total funding for the Memphis City School System, and has been since the school system was established. Admittedly, current funding for the school system this year—without any contribution from the City—far exceeds the minimum funding mandated by the State BEP formula. Such a finding, however, is not dispositive of the "maintenance of effort" issue before the Court.

In reaching a decision in this matter, the Court carefully reviewed the legislative history of Tennessee's education statutes, the relevant Attorney General opinions, and all case authorities cited by the parties. More importantly, as required of the Court in such matters, the Court examined the entire comprehensive statutory scheme of our public education statutes with particular emphasis on T.C.A. provisions §49-3-314(c)(1) and §49-2-203(a)(10)(A)(ii), which impose the "maintenance of effort" requirement.

Tenn. Code Ann. §49-3-314(c)(1) provides in pertinent part:

No LEA shall use state funds to supplant total local operating funds, excluding capital outlay and debt service.

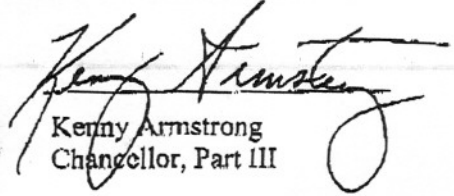
Similarly, Tenn. Code Ann. §49-2-203(a)(10)(A)(ii) provides:

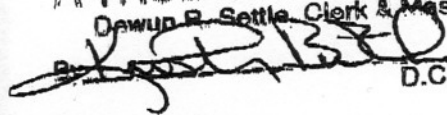
No LEA shall submit a budget to the local legislative body that directly or indirectly supplants or proposes to use state funds to supplant any local current operating funds, excluding capital outlay and debt service.

Based on the Court's review of the state's education statutes, and considering the City's long history of funding the Memphis City School System, it is the opinion of this Court that the "maintenance of effort" provisions of our state's education statutes impose a statutory duty on the City of Memphis to continue to provide funding to the Memphis City School System in an amount at least equal to the funding level provided in the previous year. This construction of the "maintenance of effort" provisions is consistent with the General Assembly's overall goal of prohibiting local governments from reducing their annual funding effort in support of public education in their district. To allow the City Council to drastically reduce its support now, after many years of funding the City school system, violates both the goal of our public funding statutes and the express language of Tenn. Code Ann. §49-3-314(c)(1) and Tenn. Code Ann. §49-2-203(a)(10)(A)(ii).

The Court finds from the proof that the City was obligated to provide the Memphis City School System funding at a minimum of \$84,731,347 for the 2008-2009 school year, rather than the \$27,270,400 awarded last June. Accordingly, the Court issues the writ of mandamus requested by the Plaintiffs and orders the City to provide the Memphis City School System additional funding for the 2008-2009 school year in the amount of \$57,460,947 to meet its statutory obligation as required by the "maintenance of effort" provisions of our state's education statutes.

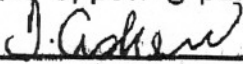
IT IS SO ORDERED THIS THE 17<sup>TH</sup> DAY OF FEBRUARY 2008.

  
Kenny Armstrong  
Chancellor, Part III

**A TRUE COPY-ATTEST**  
Dawun P. Settle, Clerk & Master  
  
D.C. & M.

**CERTIFICATE**

I hereby certify that on this date  
I am mailing a copy of this decree  
to the opposing party.



attorney for the D.C. & M.