

# EXHIBIT E

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**Schools won't lose money?**  
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Oak Ridge schools won't really lose money - at least not from the general operating budget - because of the county's newly-increased sales tax.

"I really don't see that money coming into the school's general operating fund," Superintendent Tom Bailey said last week.

"Most of the money that would have been designated for schools has been deferred," Bailey said, to help pay off debt incurred by the city and its financial plan for the Oak Ridge High School project.

City and school officials knew the county sales tax might someday increase, Oak Ridge Board of Education Chairman John Smith Jr. said Wednesday, but they thought it would happen a few years down the road.

"We knew they'd supersede us eventually. We just didn't think it would be this soon," Smith said of last Tuesday's voter approval of a half-cent sales tax increase in rural parts of Anderson County.

Voters in Oak Ridge approved two years ago a half-cent increase in the city's sales tax to help fund the renovations and new construction of the high school. Revenue from the city's sales tax increase in 2004 was to have helped the city save money each year to pay off debt incurred by the high school project. Money will still be saved, just at a lower rate than city officials originally planned for, Deputy City Manager Steve Jenkins told The Oak Ridger last week.

Jenkins acknowledged the Oak Ridge schools could gain an estimated \$500,000 to \$600,000 each year from the passage of the county's sales tax increase. But the city coffers could fall by \$700,000 annually for the next three years, he said.

Other cities in Anderson County were also affected by the referendum vote.

The referendum, held May 30, passed overwhelmingly and means the county's local option sales tax has increased to 2.75 percent, the maximum allowed by state law. The increase in the county's sales tax will effectively redistribute money between the local governments and the Oak Ridge, Anderson County and Clinton school systems. Money for the schools will be divided based on student population and attendance.