

Executive Summary

In Fall 2011, Southern Educational Strategies, LLC (SES) was contracted as a consultant to develop a feasibility study for the City of Lakeland regarding the potential establishment of a municipal school district. SES agreed to perform the reasonably necessary analyses and research to furnish the municipality a report that included the following content:

- a. An analysis of current legal and regulatory requirements and issues reasonably expected to arise should the municipality choose to establish a municipal school district;
- b. An overview of the essential academic program and operational program requirements that the municipality could reasonably anticipate encountering should the municipality choose to establish a municipal school district, along with suggested courses of action to successfully meet those requirements, provided, however, that the feasibility study is limited to the creation of a municipal school district and not its ongoing operation;
- c. An analysis of the fiscal requirements and a 2011 estimate of the total annual general operational revenues and expenditures (priced at a current dollar value) that the municipality could expect to receive and incur should it choose to establish a municipal school district.

The analyses and research performed by SES and its associates led to the findings summarized as follows:

- a. With regard to legal and regulatory issues, it is opined that Lakeland has the authority to create a municipal school district as provided in Public Chapter 1 of the 2011 Acts of Tennessee that revived the power of municipalities to create municipal school districts. Because this legislation did not address transfer of facilities from the Shelby County Schools to a municipality, an informed legal opinion is offered based on pertinent case law, the essence of Chapter 1, and the history of past practices regarding school facility transfer in Shelby County. Based on this legal research, it is the opinion of SES and its attorneys that a Lakeland municipal school district has the legal authority to receive transfer of and control of the school facility now located within its boundaries and to have that transfer occur without the imposition of costs with respect to that facility.
- b. With regard to operational issues concerning the feasibility of a new municipal school district's ability to offer educational opportunities comparable to existing Shelby County Schools programs, an intensive analysis and projection of Average Daily Membership (ADM) enrollment data was conducted followed by a fiscal analysis. This analysis led to the finding that sufficient enrollment would exist to provide a comparable educational program. The leaders of the City of Lakeland stated a strong desire to create a school district that places students as the top priority and permits students to attend their current schools so long as instructional space permits. Therefore, these projected enrollment data for the school within Lakeland includes all current public school students who reside within the City of Lakeland municipal boundaries who are currently zoned to attend Lakeland Elementary School. In addition, the students who reside within the City of Lakeland and who are currently zoned to attend schools located in either Arlington or Bartlett have been included in the projected enrollment calculations for their currently assigned schools in those respective municipalities. Leaders of both the Town of Arlington and the City of Bartlett have indicated a willingness to continue to serve these students from the City of Lakeland under a negotiated Cooperative Educational Contract so long as instructional space permits. As reported by categories used in

the Tennessee State Department of Education *Report Card*, the projected Lakeland municipal school district racial and ethnic composition will be: African American 7.06%, American Indian .24%, Asian 9.25%, Hispanic 1.58%, Multi-racial .73%, Pacific Islander .12%, and White 81.02%. Therefore, with a projected total of 819 students, it is feasible to offer a K-5 elementary school educational program that includes the requisite curriculum staffed by sufficient numbers of qualified teachers, administrators, support personnel such as counselors and subject matter experts, office personnel, instructional technology personnel, in addition to other critical areas such as transportation, nutrition services, maintenance and operations, and custodial services. The Tennessee State Board of Education minimum scholastic population requirement for municipal school districts is addressed in the legal analysis section of this document. Current (2011 – 2012) Shelby County Schools average teacher salaries and benefits were used in personnel cost estimates because new districts will be legally required to provide the same teacher salaries.

- c. Analysis of fiscal requirements concerned projected revenues and revenue sources that will be anticipated for the new district as well as projected expenditures. Revenue generation focused on funds derived from local and state sources that would support the operational components (federal program funds and nutrition-related operations areas are “pass-through” funds and were not included). Fiscal issues associated with education expenditures employed detailed templates that present the estimated required operating costs required to create an educational program comparable to that provided by the current Shelby County Schools. Tennessee State Board of Education rules require municipal school districts to spend , annually, an amount of local funds for school operations equal to the revenue that would be produced by a levy of \$.15 cents on a local property tax. The City of Lakeland does not levy a local property tax at this time. Therefore, the required spending amount was calculated based upon the total revenue that would be produced by the establishment of a fifteen (15) cent Lakeland municipal property tax. However, detailed analyses of other local revenue sources revealed that approximately 66% of the local *spending* requirement for a Lakeland municipal school district also could be accomplished with a ½ cent increase in the local option sales tax rate. A ½ cent local option sales tax rate increase could reduce the amount of a new City of Lakeland property tax. These analyses led to the finding that a new municipal district was fiscally feasible, however, it is likely that the City of Lakeland will need to establish an adequate local property tax to fully meet the required school spending rule. Full details are found in the Fiscal section and in the Summary and Recommendations section of this document.

Subject to the potential need to establish a City of Lakeland property tax, the detailed analyses of legal, operational, and fiscal data as presented in the body of the feasibility study report regarding the potential creation of a municipal school district in the City of Lakeland lead to the conclusion that formation of such a school district is feasible. Because of the complexity associated with the creation of a new school district, a number of recommendations were offered within the study that may guide future action by the Lakeland leadership leading to a successful school district opening in August 2013.

The Southern Educational Strategies, LLC team strongly believes that all public school operations and decisions should be measured in student benefits. Concerns for the best interests of children have guided the development of and the recommendations found in this study. The authors hope that the data and information provided herein will lead to decisions that serve the best interests of the young people who may receive a public education in this municipality.