

## Summary and Considerations

The purpose of this feasibility study, conducted by Southern Educational Strategies, LLC, was to provide the municipal leadership and citizens of Lakeland with data and information that will assist, and perhaps shape, their decisions regarding the creation of a school district. The study addressed three key components: (a) legal and regulatory issues — statutes, legislation, and applicable court cases as well as findings and past practices regarding the transfer of school facilities, furniture, fixtures, and equipment; (b) operational issues — requirements associated with providing, at a minimum, comparable educational opportunities as compared with existing Shelby County Schools programs; and (c) fiscal issues — analysis of revenue streams and projected expenditures associated with the contemplated school district as well as student enrollment projections. These topics are central to informed and rational decisions.

**Legal and regulatory issues**: Among the first questions that would be raised by an informed citizenry would relate to (a) the authority of municipalities to create municipal school districts and (b) the transfer of Shelby County School facilities within Lakeland to a Lakeland municipal school district. The first question appears to have been answered through Chapter 1 of the 2011 Public Acts of Tennessee that revived the power of municipalities to create municipal school districts. The very essence of the act presented a Shelby County municipality with the option of choosing not to be served by a massively enlarged system as would result from the merger of the Memphis City Schools and the Shelby County Schools. Instead, the municipality may choose to create its own smaller, localized system. Decades of research and experience support the both the effectiveness and efficiency of such a smaller school system.

Because the recent legislation did not address the second question regarding facilities, an informed legal opinion can be offered. Analyses of pertinent case law, the spirit and essence of Chapter 1, and the history of past practices regarding school facility transfer in Shelby County support the right of a Lakeland municipal school district to receive transfer and control of the school facilities now located within its boundaries and to have that transfer occur without the imposition of costs with respect to those facilities — all of which were built with funds provided by all Shelby County residents.

**Operational issues**: Operational issues regarding the feasibility of a new municipal school district's ability to offer comparable educational opportunities as compared with existing Shelby County Schools programs are primarily a function of student enrollment. 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. Enrollment is the single most important independent variable in the curriculum to be provided, as well as numbers of 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. Therefore, another question that would be raised by an informed citizenry would relate to enrollment and the extent to which the contemplated district would have sufficient numbers of students (a critical mass) to make the formation of a district feasible.

Analysis of projected enrollment of students, both district-wide and in each of the respective schools, leads to the opinion that sufficient enrollment would exist. These enrollment data total 819 students and includes students who reside within the municipal boundaries of Lakeland. Six single school municipal school districts similar to Lakeland currently exist in Tennessee. Data for more than 30,000 students drawn from the 2011-2012 Shelby County Schools database were disaggregated by geographic location and then tracked to the proposed new municipal school districts. This very detailed research provided actual 2011-2012 Average Daily Membership (ADM) student enrollment data customized for Lakeland and supports the opinion that a comparable program of educational services can be offered to a diverse student body.

**Fiscal issues.** No matter how committed the leadership and citizenry may be to the concept of the creation of a smaller, localized system, economics lead to critical questions. What are the projected revenues and revenue sources that might be anticipated for the new district? What are the projected expenditures? Do these numbers suggest feasibility?

The distribution processes for both state and local school district revenue sources are mandated by Tennessee state law. In basic terms, all education revenue must “follow the students” regardless of the number of school districts that may exist within a single Tennessee county. Funds provided by the State of Tennessee Basic Education Program (BEP) are divided based upon each district’s Average

Daily Membership (ADM) totals. All local funds must be divided based upon each district's Average Daily Attendance totals. These methods of funds division are not subject to modification by any local county commission or any local school board.

Revenue generation focused on funds derived from local and state sources that would support the operational components (federal funds and nutrition-related budgetary areas are "pass-through" funds and were not included). The detailed fiscal analysis of state BEP revenues was not just "pro-rated." Southern Educational Strategies, LLC commissioned complex BEP research by an external consulting firm. The BEP funding research was based on actual Average Daily Membership (ADM) as described above and generated by the Basic Education Program (BEP). In addition to BEP funding, additional revenue analyses of the Shelby County local option sales taxes and Shelby County property taxes were performed. Finally, local revenue analyses were conducted that include the Tennessee State Board of Education required local municipality revenue contribution. The total projected FY2011 revenue for the Lakeland Municipal School District is estimated to be \$6,746,946.

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. The information provided in this study is not a "school budget document". It is an accurate estimate of projected revenues and expenditures to provide a comparable educational program. Only a municipal school district board of education can determine a school budget, and numerous expenditure savings could be implemented. The total 2011 projected expenditures were estimated to be \$6,739,925. Therefore, in regards to fiscal capacity, projected revenues exceeded projected expenses by \$7021.00 when using a 15 cent minimum local property tax increase in the revenue calculations. **However, a ½ cent increase in the Lakeland local option sales tax would generate approximately \$329,631.00 per year.** A ½ cent local option sales tax increase could reduce the amount of a property tax increase to fund a municipal school district, and it would produce approximately 66% of the local revenue required to meet the Tennessee State Board of Education *spending* rule.

As noted earlier, the expenditure estimates did not include expenses associated with capital improvements.

**Subject to the establishment of an adequate local property tax for the City of Lakeland, this very detailed fiscal analysis based on actual 2011-2012 Average Daily Membership (ADM) student enrollment data, customized for Lakeland, supports the opinion that a comparable program of educational services is economically feasible.**

The complexity of school system creation leads to a host of considerations that must be weighed by the Lakeland leadership and citizenry. Obviously time is a major factor with only 18 months remaining before the transfer of school administration from the Board of Education of Memphis City Schools to the Shelby County Board of Education in August 2013; many critical events must occur prior to that date. However, in our best professional judgment, we opine that the creation of a municipal school district is feasible and that City of Lakeland (a) Has the capacity to provide a high quality school district for its citizens; (b) Can provide a great educational program without a tremendous tax burden to its citizens while maintaining control over their own system; (c) Can recruit and retain an outstanding group of educators for its district; and (d) May serve as a model for other school systems in the area of best educational practices. Again, time is a critical factor. In order for a seamless transition the City of Lakeland may want to consider the following steps:

1. Mayor and Lakeland Board of Commissioners review and analyze this feasibility study.
2. Conduct citizen information meetings.
3. Mayor and Board of Commissioners reach their decisions and vote in early spring 2012. If majority of the Commissioners vote to create a new Lakeland municipal school district, then file appropriate documents with the Shelby County Election Commission and schedule a City of Lakeland referendum in a special election no later than May 10, 2012. Concurrently, consider a local referendum to increase the Lakeland local option sales tax by ½ cent.
4. If a majority of citizens vote to create a new municipal school district, then:
  - a. File appropriate documents to secure the election of a new Lakeland City Schools Board of Education on November 6, 2012.
  - b. Conduct a search for a superintendent of schools and a vote by the Lakeland Board of Education to employ a superintendent effective January 1, 2013.
  - c. Commence the processes by the superintendent to employ a deputy superintendent, a human resources director and other key personnel.
  - d. Begin to employ all required faculty and staff members with a goal to open the Lakeland City Schools district in August, 2013.

The detailed analyses of legal, operational, and fiscal data 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.

As stated earlier in this report, 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.