

SCHOOL SYSTEM VIABILITY REPORT: IMPACT ON HAMILTON COUNTY OF SIGNAL MOUNTAIN SCHOOL DISTRICT

(PP 1, 39-40) http://signalmountaintn.gov/assets/ssvc/pdfs/final_report.pdf



SSVC Executive Summary

The SSVc finds no evidence that the withdrawal of the three Signal Mountain schools and the creation of an independent municipal school district would result in harm to the remaining schools in the Hamilton County system, nor would it adversely affect the education of students in those schools. To quote the HCDE Chief Financial Officer, Christie Jordan, “The economic viability of Hamilton County schools will not be impacted” by the creation of a Signal Mountain municipal school district.

Effect of Withdrawal on Hamilton County schools

Critics of the proposal to establish a separate independent municipal school district on Signal Mountain have argued that withdrawing from HCDE would cause harm to students in the county schools. Reports in local newspapers and on television interviews have claimed that the funding of the municipal school district would directly cause a reduction in funding to struggling schools in the county system.

One local resident submitted the following question to the SSVc: “Our withdrawal from the Hamilton County Schools will de-fund some services at struggling schools. How can we morally, ethically, humanely explain and defend this decision?”

The underlying premise of this question is contrary to what we were told by school administrators in our visit to Shelby County, including the former Chair of the Shelby County School Board. It is true that if a separate school district is created, the state and county funds attributable to those students will go to the new school district. But there are several factors to keep in mind.

First, all of the costs associated with educating those students will also be transferred to the new school district: teacher salaries and benefits, books, buses, building maintenance, etc. In Memphis, we were told that the per pupil revenue in the Shelby County school district actually increased following the separation of six municipal school districts, because federal funds that go to students in low-income families or who are deemed “at risk” under federal standards were disproportionately paid to Memphis city schools, as opposed to schools in the six municipalities.

So the issue is not taking money away from struggling schools, but rather how HCDE will reallocate its budget if it has fewer dollars and fewer students, but on average slightly more dollars per student. The assumption that a Signal Mountain school district will de-fund services at struggling schools assumes that HCDE will not be able to figure out how to improve efficiency with 2,400 fewer students, 3 fewer buildings to maintain, more than 100 fewer teachers to pay, etc. If the HCDE system receives the same per-pupil revenue for the students in the five schools that are currently the subject of a possible takeover by the State Department of Education, how will that result in services for those schools being cut?

HCDE has an annual budget of approximately \$363 million and a little over 43,000 students, which works out to about \$8,430 per student. A Signal Mountain school district would have 2,430 students and would receive about \$19.9 million from state and county funds that currently go to HCDE on behalf of those students, which works out to about \$8,190 per student. There is a deficiency of about \$240 per student.

Although our projected budget indicates that this deficiency would be made up by contributions from the Town of Signal Mountain and other sources of revenue, this does not translate into reduced funding for services at the five schools involved in a partnership with the state Department of Education, or at any other schools in the Hamilton County system. In fact, when asked at a public meeting on September 7, 2017, about the financial consequence of the withdrawal of the three Signal Mountain schools, HCDE's Chief Financial Officer Christie Jordan stated: "The economic viability of Hamilton County schools will not be impacted."

During the course of our investigation, a news article with a misleading headline was identified in an education publication: "Memphis suburbs are receiving federal money for more poor students than they have. Here's why." [Chalkbeat June 29, 2017] Upon closer examination, the situation is quite different than suggested by the headline. Federal funding to Shelby County for low-income students is calculated by the federal government based on the poverty rate in Shelby County compared to the poverty rate nationally. As the article indicates, even though the poverty rate in one district might remain the same, if the national rate increases that district will receive a smaller proportion of the available funding. "[T]he share of those students living within the boundaries of Shelby County Schools has dropped, from 0.51 percent to 0.42 percent."

The article also points out that federal law allows the state to withhold more Title I money from school districts and to redistribute that money for school improvement efforts. Again, to quote the article: "Since most of the state's lowest-performing schools are in Memphis, the district can expect to get a good chunk of that back."

Members of the SSVC are not unmindful of the concerns about a possible adverse effect on students in the Hamilton County schools should a municipal school district be established on Signal Mountain. However, despite the claims in the media, we have uncovered no evidence that such action would cause a decline in the quality of education for those students. We have reached out to some of the individuals who have made this argument, but have not received any evidence to substantiate this claim. Nor has HCDE or the Tennessee Department of Education suggested that there would be any causal link between establishing a municipal school district and a reduction in services to students in the remaining Hamilton County schools.