

# EDUCATION



The **EDUCATION FUND** accounts for taxes collected and allocated for all public school operations within Shelby County. Education is clearly the number one priority for the County and its primary expenditure challenge. The current budget reflects the impact of significant changes to the structure and funding for education within Shelby County that have occurred over the past several years. The County remains committed to providing excellent educational opportunities for every child.

### Background of Structural Changes to County Schools



As a result of the Memphis City School Board's decision to surrender its charter in 2011, the Memphis City School (MCS) system merged with the Shelby County School (SCS) system effective July 1, 2013. On July 16, 2013, the six municipalities surrounding the City of Memphis within Shelby County voted to create independent school districts. Those districts began operations on July 1, 2014. The SCS consolidated district existed only for Fiscal 2014 and received 100% of all school funding from the County. Beginning with FY15, county education funds are allocated to all seven districts, as determined by the State of Tennessee attendance ratios.

### Achievement School District (ASD) and Charter Schools

ASD and charter schools continue to shape the funding provided to Shelby County Schools. The **Achievement School District (ASD)** is a State operated school district created to transform the bottom 5% of schools with continually low performance into the top 25% of schools within five years. **Charter Schools** are public schools operated by independent, non-profit governing bodies. Tennessee state law<sup>1</sup> require that the per pupil funding amount follows the student as the student transfers to other districts or public charter schools. In addition, state law<sup>2</sup> has loosened restrictions related to family income and caps on the number of charter schools permitted in a district, leading to increased enrollment in charter schools over the past 10 years. As a result, Shelby County Schools has experienced a declining enrollment trend as the ASD and charter school enrollments have increased. Funding provided to SCS is effectively less than prior years as funding is diverted to ASD and charters.

### Annual Budget Development and Approval

The County has taxing authority for education funding and responsibility for approving the total amount of County funds provided for all public schools within Shelby County. The total funding level for education is included in the County's annual adopted operating budget. The School Board for each school district determines how the funds will be used to best accomplish their mission of educating students.

The annual budget for the Shelby County School system is developed, reviewed and approved by the Shelby County Schools Board of Education, and then submitted to the Shelby County Commission for funding review and approval. The Shelby County government does not review or approve the individual budgets for the six municipal school districts; the governing body of each municipality provides budget reviews and approval for that school district.

<sup>1</sup> T.C.A. 49-13-112 and T.C.A. 49-1-614

<sup>2</sup> T.C.A. 49-13-113

**Funding Sources for Education*****State Funding***

The State of Tennessee contributes the majority of funding for the Shelby County Schools and municipal district budgets through the Basic Education Program (BEP). BEP is a Tennessee state funding formula used to calculate and distribute funding to the local education agency (LEA) for each school district on a per pupil amount based on prior year enrollment. Tennessee law [T.C.A. 49-13-112 and T.C.A. 49-1-614] requires LEAs to allocate a per pupil amount of all local, state, and federal funding received to charter schools and the Achievement School District (ASD), respectively. The distribution of state BEP funds to charter schools passes through SCS, except for their capital outlay. ASD receives BEP directly from the State.

***Local Funding***

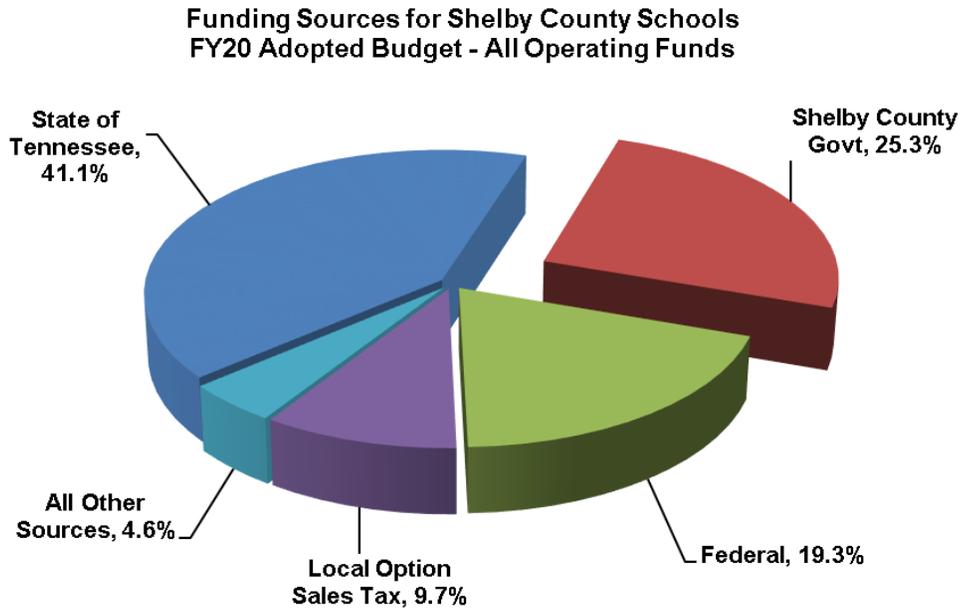
The amount appropriated in the Education Fund is the total amount that will be paid to all school systems within Shelby County for operations during the fiscal year. Proposed FY21 funding of \$427,259,000 represents about a third of total countywide expenditures.

Education currently receives roughly 60% of all current **Property Taxes** collected by Shelby County.

In addition to property taxes, the schools receive the following Shelby County funding:

- **Motor Vehicle Registration Fee** - 100% of the Motor Vehicle Registration Fee has been designated for school operating costs for FY20. Prior to FY17, up to 50% was designated for operations with the remainder used for repayment of school debt.
- **Payment In Lieu of Taxes (PILOT)** - collected from MLG&W and other property tax exempt entities. 50% of payments received from MLG&W are allocated to education operations. Other PILOTs are allocated on the same basis as property taxes or entirely for school debt per contractual agreement.
- **Marriage License Privilege Tax** - fee collected for issuance of marriage licenses; 100% is allocated to education.
- **County Local Option Sales Tax** - the first one-half of the 2.25% rate collected is designated for Education, as required by State law. This revenue is received by the Trustee and paid directly to the schools; it is not reflected in the Education Fund budget.

The graph below shows state and other funding sources for SCS based on the FY20 Adopted Budget:



**Weighted Full-time Equivalency Average Daily Attendance (WFTEADA) Allocation**

Weighted full-time equivalency average daily attendance or “WFTEADA”, serves as the basis for allocation of education funds within the county. This is a calculation of the average of the highest two months of the first three months of attendance for grades K-12, multiplied times a unique weight for each grade level as provided by the State Department of Education.

Prior to the merger effective in FY14, the total amount budgeted for education by Shelby County was distributed only between the City and County school systems based upon the weighted ADA ratio. Beginning with FY15, county education funds are now distributed to seven independent school districts based on weighted attendance. These ratios are reviewed annually each spring and certified by the Tennessee State Department of Education. The budgeted allocation to each school system is based on the rate in effect at the time of proposed budget development. When the actual weighted ADA ratios are determined near the end of the school year, actual payments are adjusted to July 1 of the current year based on that revised rate.

Historical weighted ADA allocation data for the past four years is provided in the following table, reflecting the structural changes since 2017:

***Weighted Average Daily Attendance Allocations***

Fiscal Year	WFTEADA Year	County Schools	Municipal Schools	Total
2021	2018-2019 *	77.17%	22.83%	100.00%
2020	2018-2019	77.17%	22.83%	100.00%
2019	2017-2018	77.09%	22.91%	100.00%
2018	2016-2017	77.65%	22.35%	100.00%
2017	2015-2016	77.92%	22.08%	100.00%

Since FY15, weighted ADA distributions have been calculated for the seven independent school districts on the basis of attendance. Distributions since FY19 are shown below:

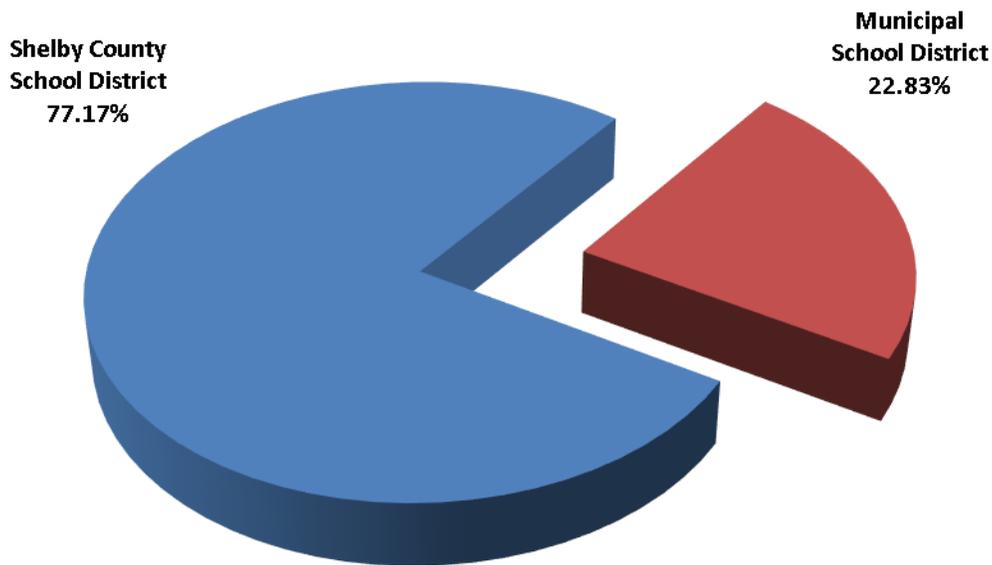
**Weighted ADA Allocations to School Districts within Shelby County** <sup>(1)</sup>

<b>District:</b>	<b>FY19 Actual</b>		<b>FY20 Actual</b>		<b>FY21 Budget</b> <sup>(2)</sup>	
	<b>Amount</b>	<b>ADA %</b>	<b>Amount</b>	<b>ADA %</b>	<b>Amount</b>	<b>ADA %</b>
Shelby	329,373,963	77.09%	329,715,770	77.17%	329,715,770	77.17%
Arlington	14,142,273	3.31%	14,313,177	3.35%	14,313,177	3.35%
Bartlett	26,490,058	6.20%	26,148,251	6.12%	26,148,251	6.12%
Collierville	26,874,591	6.29%	26,746,413	6.26%	26,746,413	6.26%
Germantown	18,115,782	4.24%	17,944,878	4.20%	17,944,878	4.20%
Lakeland	4,913,479	1.15%	5,084,382	1.19%	5,084,382	1.19%
Millington	7,348,854	1.72%	7,306,128	1.71%	7,306,128	1.71%
<b>TOTAL</b>	<b>427,259,000</b>	<b>100.00%</b>	<b>427,259,000</b>	<b>100.00%</b>	<b>427,259,000</b>	<b>100.00%</b>

(1) Weighted full-time equivalency of average daily attendance as certified by State.

(2) FY20 Final WFTEADA is the basis for the FY21 budget estimates. Actual FY21 payments will be based on ADA rates as certified by the State in the spring of 2021.

**WFTEADA Allocation  
Shelby County Schools vs. Municipal Schools**



**Maintenance of Effort**

As specified by Tennessee Code Annotated (TCA) Section 49-3-314, the County is required to maintain a level of funding to schools that is at least equal to the amount provided in the prior year budget – on either a total budget or per pupil basis.

**County Funding for Education Operations  
FY2015 - 2021**

Fiscal Years	Funding Amount	Increase Over Prior Year	%	Other Funding
FY2015	\$ 381,288,000	\$ -	0.0%	\$ 1,800,000 <sup>1</sup>
FY2016	\$ 391,288,000	\$ 10,000,000	2.6%	
FY2017	\$ 419,471,000	\$ 28,183,000	7.2%	
FY2018	\$ 419,471,000	\$ -	0.0%	
FY2019	\$ 427,259,000	\$ 7,788,000	1.9%	\$ 6,459,319 <sup>2</sup>
FY2020	\$ 427,259,000	\$ -	0.0%	\$ 2,200,000 <sup>3</sup>
FY2021	\$ 427,259,000	\$ -	0.0%	

<sup>1</sup> Non-recurring appropriation for a Facilities Study from General Fund Balance.  
ADA distribution applied for all seven districts.

<sup>2</sup> Non-recurring appropriation for a Science Textbooks from Education Fund Balance.  
ADA distribution not applicable for one-time appropriations for specific purposes.

<sup>3</sup> Non-recurring appropriation for Pilot Project supporting Enhancing 21st Century Education from General Fund Balance.  
ADA distribution not applicable for one-time appropriations for specific purposes.



**Capital Improvement (CIP) Funding**

*Background*

Funding for Capital Improvement Projects was deferred during the transitional years of school consolidation followed by the “de-merger” of the County into seven independent districts. A request by the consolidated Shelby County School District (SCS) for capital improvements was appropriated by the County Commission in FY14 in the amount of \$52,161,500 that included projects for schools that would later become part of the municipal districts. CIP funds were not appropriated for FY15, pending the results of a facilities assessment of all schools in the SCS district with a long term plan for repairs and potential school closures as requested by the Shelby County Commission. Upon the completion of the facilities assessment in FY16, the Shelby County Commission has appropriated CIP funding for each fiscal year.

*Education CIP Funding Process*

Funds for CIP expenditures are allocated to the school districts according to prior year ADA ratios. Those amounts are distributed directly to the municipal school districts without Shelby County Government project approval; the governing body of each municipality provides CIP project approval for that school district. SCS CIP funds are distributed on a reimbursement basis for projects approved by the Shelby County Commission.

*Funding*

For FY21, the County proposes allocations in the amount of \$32,999,150 for capital funds for all school districts. Of this amount, \$25,465,444 is allocated to SCS with \$7,533,706 as the combined total provided to all other school districts within Shelby County based on the Weighted Full-time Average Daily Attendance, as required by the County by law when providing funds to the Shelby County School District. This amount helps the County remain within its stated policy limit of \$75MM annual capital spending while addressing the needs of both County schools and the other vital County needs.

Shelby County generally issues debt for capital improvements for schools. The majority of the County’s current long term debt obligations are related to school construction required to accommodate growth in eastern Shelby County during the 1990s.

**CIP ORIGINAL APPROPRIATIONS - SHELBY COUNTY SCHOOLS  
FY14-FY21**

FISCAL YEAR	SCS DISTRICT	% of TOTAL	MUNICIPAL SCHOOL DISTRICTS	% of TOTAL	TOTAL BUDGET
FY2014 *	\$ 52,161,500	100.00%	\$ -	0.00%	\$ 52,161,500
FY2016	26,163,306	79.25%	6,850,329	20.75%	33,013,635
FY2017	18,397,080	78.62%	5,002,920	21.38%	23,400,000
FY2018	53,981,454	77.92%	15,296,593	22.08%	69,278,047
FY2019	90,292,947	77.65%	25,989,020	22.35%	116,281,967
FY2020	40,000,000	77.09%	11,887,404	22.91%	51,887,404
FY2021	25,465,444	77.17%	7,533,706	22.83%	32,999,150
<b>Total</b>	<b>\$ 306,461,731</b>		<b>\$ 72,559,972</b>		<b>\$ 379,021,703</b>

\* Municipal school districts had not yet been created in FY14. However, \$4.8 million was allotted to facilities within those areas.

# Budget Overview

Account	2017				2018				2019				2020				2020	2021	2020-2021	
	Budget	Actual	Variance	Act %	Budget	Actual	Variance	Act %	Budget	Actual	Variance	Act %	Budget	Actual	Variance	75%	Excl 1-Time	Preliminary	Variance	%
4001 - Property Taxes-Current	364,228,000	364,132,775	(95,225)	100%	367,023,001	375,635,921	8,612,920	102%	374,614,000	371,560,416	(3,053,584)	99%	374,669,951	365,461,789	(9,208,162)	98%	374,669,951	366,000,184	(8,669,767)	-2.3%
4002 - Property Taxes-Delinquent	11,753,000	10,107,701	(1,645,299)	86%	10,098,000	9,828,871	(269,129)	97%	10,059,000	9,588,845	(470,155)	95%	10,167,884	6,371,997	(3,795,887)	63%	10,167,884	8,715,884	(1,452,000)	-14.3%
4016 - Uptown Redevelopment Incremental Taxes	-	0	0	100%	-	-	-	0%	-	-	-	0%	-	-	-	0%	-	-	-	0.0%
<b>40 - Property Taxes</b>	<b>375,981,000</b>	<b>374,240,476</b>	<b>(1,740,524)</b>	<b>100%</b>	<b>377,121,001</b>	<b>385,464,791</b>	<b>8,343,791</b>	<b>102%</b>	<b>384,673,000</b>	<b>381,149,261</b>	<b>(3,523,739)</b>	<b>99%</b>	<b>384,837,835</b>	<b>371,833,786</b>	<b>(13,004,049)</b>	<b>97%</b>	<b>384,837,835</b>	<b>374,716,068</b>	<b>(10,121,767)</b>	<b>-2.6%</b>
4105 - MLG&W In Lieu Of Taxes	3,673,000	2,600,305	(1,072,695)	71%	3,631,000	2,953,274	(677,726)	81%	3,750,000	3,535,632	(214,368)	94%	3,535,632	2,854,633	(680,999)	81%	3,535,632	3,535,632	-	0.0%
4108 - Exempt Property In Lieu Of Taxes	4,162,000	3,612,608	(549,392)	87%	3,631,000	3,411,119	(219,881)	94%	3,593,000	2,903,556	(689,444)	81%	3,384,791	3,080,773	(304,018)	91%	3,384,791	3,384,791	-	0.0%
4116 - Community Redevelopment TIFF	100,000	130,502	30,502	131%	100,000	405,727	305,727	406%	188,000	462,596	274,596	246%	462,000	461,395	(605)	100%	462,000	462,000	-	0.0%
4130 - Marriage License Privilege Tax	55,000	53,176	(1,824)	97%	55,000	49,799	(5,201)	91%	55,000	46,715	(8,285)	85%	55,000	29,739	(25,261)	54%	55,000	55,000	-	0.0%
4160 - Motor Vehicle Registration Fee	33,000,000	33,873,450	873,450	103%	34,933,000	33,659,197	(1,273,803)	96%	35,000,000	34,846,671	(153,329)	100%	34,865,755	22,163,098	(12,702,657)	64%	34,865,755	45,408,644	10,542,889	30.2%
<b>41 - Other Local Taxes</b>	<b>40,990,000</b>	<b>40,270,041</b>	<b>(719,959)</b>	<b>98%</b>	<b>42,350,000</b>	<b>40,479,116</b>	<b>(1,870,883)</b>	<b>96%</b>	<b>42,586,000</b>	<b>41,795,170</b>	<b>(790,830)</b>	<b>98%</b>	<b>42,303,178</b>	<b>28,589,638</b>	<b>(13,713,540)</b>	<b>68%</b>	<b>42,303,178</b>	<b>52,846,067</b>	<b>10,542,889</b>	<b>24.9%</b>
<b>TOTAL REVENUE SOURCES</b>	<b>416,971,000</b>	<b>414,510,516</b>	<b>(2,460,484)</b>	<b>99%</b>	<b>419,471,000</b>	<b>425,943,908</b>	<b>6,472,908</b>	<b>102%</b>	<b>427,259,000</b>	<b>422,944,431</b>	<b>(4,314,569)</b>	<b>99%</b>	<b>427,141,013</b>	<b>400,423,424</b>	<b>(26,717,589)</b>	<b>94%</b>	<b>427,141,013</b>	<b>427,562,135</b>	<b>421,122</b>	<b>0.1%</b>
9601 - Transfer From General Fund	2,500,000	2,500,000	-	100%	-	-	-	0%	4,300,980	4,300,980	(0)	100%	2,317,987	2,200,000	(117,987)	95%	117,987	-	(117,987)	-100.0%
<b>96 - Operating Transfers In</b>	<b>2,500,000</b>	<b>2,500,000</b>	<b>-</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>4,300,980</b>	<b>4,300,980</b>	<b>(0)</b>	<b>100%</b>	<b>2,317,987</b>	<b>2,200,000</b>	<b>(117,987)</b>	<b>95%</b>	<b>117,987</b>	<b>-</b>	<b>(117,987)</b>	<b>-100.0%</b>
9999 - Planned Fund Balance Decrease	-	-	-	0%	-	-	-	0%	6,459,319	-	(6,459,319)	0%	-	-	-	0%	-	-	-	0.0%
<b>99 - Planned Use of Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>6,459,319</b>	<b>-</b>	<b>(6,459,319)</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>TOTAL OTHER SOURCES</b>	<b>2,500,000</b>	<b>2,500,000</b>	<b>-</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>10,760,299</b>	<b>4,300,980</b>	<b>(6,459,319)</b>	<b>40%</b>	<b>2,317,987</b>	<b>2,200,000</b>	<b>(117,987)</b>	<b>95%</b>	<b>117,987</b>	<b>-</b>	<b>(117,987)</b>	<b>-100.0%</b>
<b>TOTAL APPROPRIATION SOURCES</b>	<b>419,471,000</b>	<b>417,010,516</b>	<b>(2,460,484)</b>	<b>99%</b>	<b>419,471,000</b>	<b>425,943,908</b>	<b>6,472,908</b>	<b>102%</b>	<b>438,019,299</b>	<b>427,245,411</b>	<b>(10,773,888)</b>	<b>98%</b>	<b>429,459,000</b>	<b>402,623,424</b>	<b>(26,835,576)</b>	<b>94%</b>	<b>427,259,000</b>	<b>427,562,135</b>	<b>303,135</b>	<b>0.1%</b>
<b>TOTAL SALARIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>TOTAL OPERATING &amp; MAINTENANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
8943 - Arlington Municipal Schools	15,142,903	15,054,080	(88,823)	99%	13,590,860	13,590,860	-	100%	14,142,273	14,142,273	-	100%	14,142,273	13,315,133	(827,140)	94%	14,142,273	14,313,178	170,905	1.2%
8944 - Bartlett Municipal Schools	25,461,890	25,312,538	(149,352)	99%	25,965,255	25,965,255	-	100%	26,490,058	26,490,058	-	100%	26,490,058	24,364,733	(2,125,325)	92%	26,490,058	26,148,251	(341,807)	-1.3%
8945 - Collierville Municipal Schools	24,329,317	24,186,610	(142,707)	99%	24,874,630	24,874,630	-	100%	26,874,591	26,874,591	-	100%	26,874,591	24,908,629	(1,965,962)	93%	26,874,591	26,746,413	(128,178)	-0.5%
8946 - Germantown Municipal Schools	17,408,047	17,305,936	(102,111)	99%	17,449,994	17,449,994	-	100%	18,115,782	18,115,782	-	100%	18,115,782	16,717,023	(1,398,759)	92%	18,115,782	17,944,878	(170,904)	-0.9%
8947 - Lakeland Municipal Schools	2,726,562	2,710,568	(15,994)	99%	4,530,287	4,530,287	-	100%	4,913,478	4,913,478	-	100%	4,913,478	4,723,152	(190,326)	96%	4,913,478	5,084,382	170,904	3.5%
8948 - Millington Municipal Schools	7,550,478	7,506,189	(44,289)	99%	7,340,742	7,340,742	-	100%	7,348,855	7,348,855	-	100%	7,348,855	6,804,583	(544,272)	93%	7,348,855	7,306,128	(42,727)	-0.6%
8955 - Shelby County Schools	326,851,803	324,934,594	(1,917,209)	99%	325,719,232	325,719,232	-	100%	335,833,282	335,833,282	-	100%	331,573,963	309,143,643	(22,430,320)	93%	329,373,963	329,715,770	341,807	0.1%
<b>89 - Affiliated Organizations</b>	<b>419,471,000</b>	<b>417,010,516</b>	<b>(2,460,484)</b>	<b>99%</b>	<b>419,471,000</b>	<b>419,471,000</b>	<b>-</b>	<b>100%</b>	<b>433,718,319</b>	<b>433,718,319</b>	<b>-</b>	<b>100%</b>	<b>429,459,000</b>	<b>399,976,895</b>	<b>(29,482,105)</b>	<b>93%</b>	<b>427,259,000</b>	<b>427,259,000</b>	<b>-</b>	<b>0.0%</b>
9998 - Planned Fund Balance Increase	-	-	-	0%	-	-	-	0%	4,300,980	-	(4,300,980)	0%	-	-	-	0%	-	303,135	303,135	100.0%
<b>99 - Planned Increase to Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>4,300,980</b>	<b>-</b>	<b>(4,300,980)</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>303,135</b>	<b>303,135</b>	<b>100.0%</b>
<b>TOTAL OTHER USES</b>	<b>419,471,000</b>	<b>417,010,516</b>	<b>(2,460,484)</b>	<b>99%</b>	<b>419,471,000</b>	<b>419,471,000</b>	<b>-</b>	<b>100%</b>	<b>438,019,299</b>	<b>433,718,319</b>	<b>(4,300,980)</b>	<b>99%</b>	<b>429,459,000</b>	<b>399,976,895</b>	<b>(29,482,105)</b>	<b>93%</b>	<b>427,259,000</b>	<b>427,562,135</b>	<b>303,135</b>	<b>0.1%</b>
<b>TOTAL APPROPRIATED USES</b>	<b>419,471,000</b>	<b>417,010,516</b>	<b>(2,460,484)</b>	<b>99%</b>	<b>419,471,000</b>	<b>419,471,000</b>	<b>-</b>	<b>100%</b>	<b>438,019,299</b>	<b>433,718,319</b>	<b>(4,300,980)</b>	<b>99%</b>	<b>429,459,000</b>	<b>399,976,895</b>	<b>(29,482,105)</b>	<b>93%</b>	<b>427,259,000</b>	<b>427,562,135</b>	<b>303,135</b>	<b>0.1%</b>
<b>BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,472,908</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,472,908)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,646,529</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>