

LEARNING TOGETHER

TPC Votes to Approve Financial Projections for the Merged District



Continuing its work to create a plan to guide the merger between Shelby County Schools and Memphis City Schools, the Transition Planning Commission (TPC) voted to approve financial projections for the merged district Thursday, May 31.

The purpose of this vote was twofold – to affirm the financial projections for the merged district and to align on a plan to close the projected remaining fiscal gap in

an effort to balance the overall budget for the merged district.

The TPC unanimously approved the financial projections which reduced a starting gap of \$160M, much of which is non-merger related, through a series of specific initiatives to a remaining gap of \$67M. The TPC-identified initiatives included significant efficiencies in logistics and personnel, and modest strategic investments in educational and organizational priorities.

The TPC then unanimously recommended the merged district pursue \$29M of funding contingent on other entities' actions to help address the projected deficit. These potential sources of funds include the City of Memphis repayment for the 2009 maintenance of effort judgment and receiving a contribution from the City in support of the educational priorities established in the Transition Plan.

The TPC then discussed several difficult options tied to how to close the remaining gap, be it primarily through district cuts, through revenue increases, or a combination of both. The group discussed potential gap-filing cost reductions of up to \$54M would involve increased class sizes, fewer school-level staff, and reductions in the central office greater than those already recommended.

Commissioners voted Thursday to pursue the identified incremental cost reductions as a reluctant contingency plan should the plan not be funded through additional revenues. The Commissioners emphasized that these reductions, which go beyond its recommended efficiencies, would not meet the TPC's world-class aspirations.

"These are difficult decisions that will have an impact on the future of Shelby County and our students," said Barbara Prescott, TPC Chair.

"One of our guiding principles is to save where we can to fund what we need. This will be an ongoing process, but for now, the TPC has done the best that we can to recommend some critical investments in children as well as identify items that can provide significant savings."

One additional recommendation shared with the TPC Thursday includes the creation of a district-led, cross-functional working committee put in place to create the specific plan to address the incremental deficit. This committee's work would build off of the TPC's recommendations and the most up-to-date financial projections at the time. The specific gap closure plan created would be an input into the 2014 fiscal year budget preparation process beginning in the fall of 2012. Once established, the cross-functional, working committee could also provide guidance on additional initiatives or cuts that will be required to close the larger 2015 and 2016 fiscal year gaps during those respective budget cycles. This working committee is recommended to consist of representatives from groups including the districts, the county and the business community.

The recommendations mentioned in this release will not become part of the Transition Plan until the Plan is approved as a whole at a future vote by the TPC.