

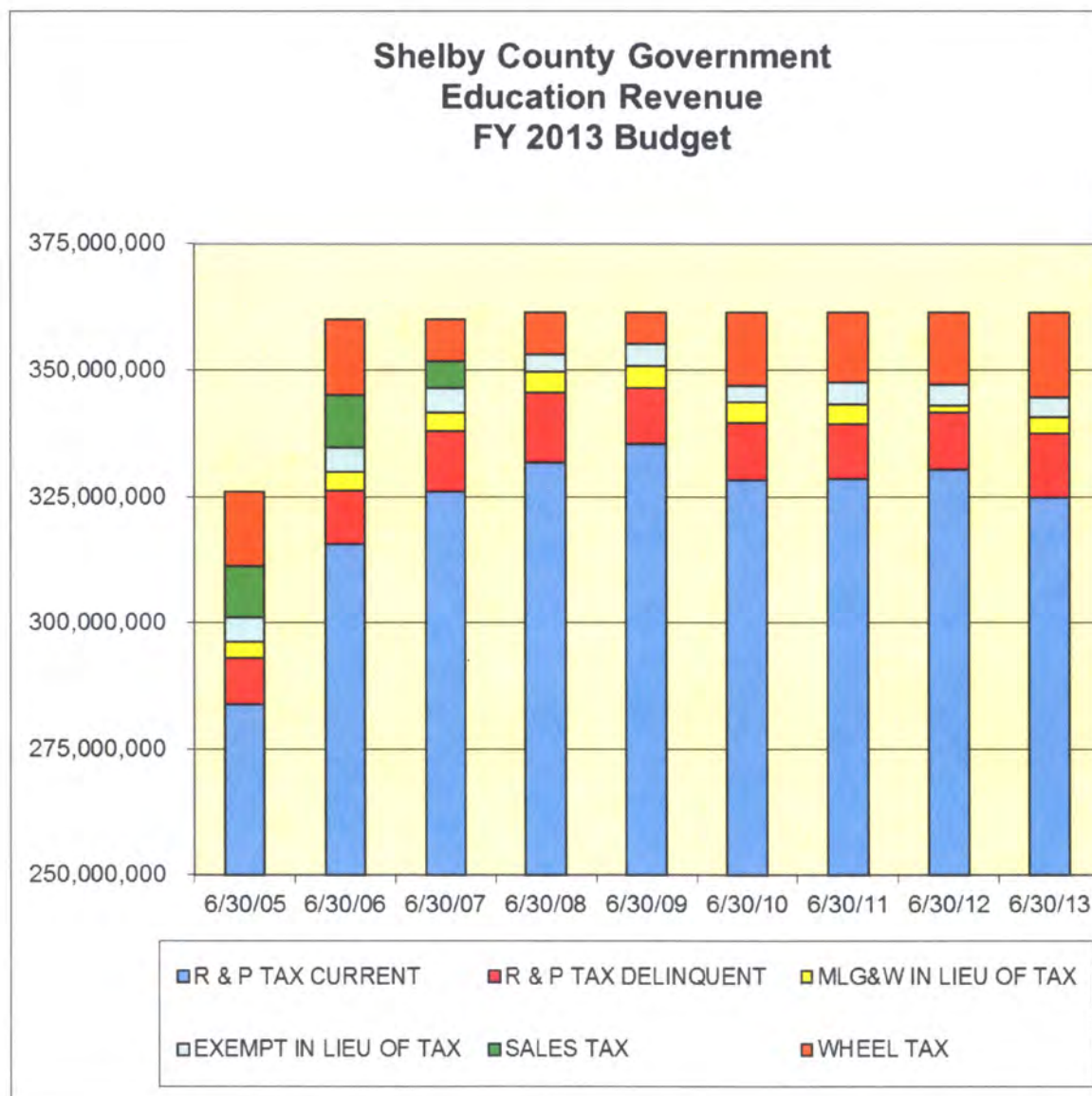
EDUCATION FUND



FY13 ADOPTED BUDGET

The **Education Fund** accounts for tax collections allocated for school operations. Taxes are collected and allocated to the Shelby County Board of Education (component unit) and the Board of Education of the Memphis City Schools based on average daily attendance (ADA). The County reports the Education Fund as a major fund.

Education is clearly the number one priority for the County and its most significant expenditure challenge. Including debt service for the schools, Education receives almost 60% of all property taxes and represents over 30% of total countywide expenditures. In addition to property taxes, up to 100% of the wheel tax can be designated for school operating costs and the remainder for repayment of the County's bonded indebtedness for schools. The County is required to provide funding to schools at least equal to the amount provided in the prior year.



Status of School Consolidation and Budget Impact

The Transition Planning Commission (TPC) was created by state law in October of 2011 to develop a comprehensive transition plan to guide the merger of the Shelby County School (SCS) system with the Memphis City School (MCS) system to form one unified school system for all students. The Transition Planning Commission consists of 21 members - 18 appointed individuals along with the county mayor and the two school board chairs. The TPC has developed a comprehensive plan for consolidation based on community input and extensive research of local and national practices. The Transition Plan was presented on June 14, 2012 and includes chapters describing the Education and Operations Plans, Personnel and Financial Models, and a Migration Plan.

In an August election, six Shelby County suburbs will seek voter approval to form their own public school districts, separate from the consolidated system. The results of that election, and any ensuing legal challenges, will have some impact on educational funding arrangements. Until consolidation occurs, the current methods for providing operational funds for education will continue. However, funding for Capital Improvement Projects was suspended for FY12 and FY13, pending further review of the impact of the consolidation of the two school systems.

Needs Assessment Committee

The County established a Needs Assessment Committee to address the financial burden of the current capital funding mechanism for the public schools, including both Memphis City Schools and Shelby County Schools. The objectives of the Committee included:

- 1) Development of uniform standards and cost for school construction.
- 2) Annual assessment of capital needs of each school system and creation of a comprehensive plan for capital projects and funding.
- 3) Review, as necessary, of capital requests from both schools systems that fall outside of the comprehensive plan and recommendations to the County Commission regarding those requests.

Part of equitable growth includes guiding the construction of new schools to achieve maximum performance and fiscal advantage out of each school. Involved in the development of new schools is the fiscal impact model update. The model measures the impact of each new development on a community to determine facts like how many school age children will live there and how many roads and parks are necessary.

Revenue Sources

The two school systems receive the following revenue from Shelby County:

- 1) Current Property Tax
- 2) Delinquent Property Tax
- 3) MLG&W In Lieu of Property Tax
- 4) Exempt Property In Lieu of Taxes
- 5) Wheel Tax

Average Daily Attendance (ADA) Allocations

Of the total amount budgeted for education by Shelby County - \$361,288,000, the actual distribution of funds to the City and County school systems is based upon the weighted full-time equivalency (WFTE) Average Daily Attendance (ADA) ratio. This ratio is reviewed annually each Spring and certified by the Tennessee State Department of Education. The Shelby County budgeted allocation to each school system is based on the rate in effect at the time of proposed budget development – usually before the rate is updated for the current year. Actual payments are pro-rated to July 1 of the current year when the revised rate is determined to equalize appropriations between the schools. However, the combined distribution to both school systems cannot exceed \$361,288,000.

The FY13 Adopted Budget distributions were based on the following ADA estimates:

Memphis City Schools 68.0% = \$245,676,000
 Shelby County Schools 32.0% = \$115,612,000
 Total Education Fund 100.0% = \$361,288,000

Historical ADA data is provided in the following table:

Average Daily Attendance Ratios

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>City Schools</u>	<u>County Schools</u>	<u>Total</u>
2012	2011	69.24%	30.76%	100.00%
2011	2010	69.06%	30.94%	100.00%
2010	2009	68.67%	31.33%	100.00%
2009	2008	69.22%	30.78%	100.00%
2008	2007	69.57%	30.43%	100.00%
2007	2006	70.82%	29.18%	100.00%
2006	2005	71.51%	28.49%	100.00%
2005	2004	72.10%	27.90%	100.00%
2004	2003	70.69%	29.31%	100.00%
2003	2002	71.35%	28.65%	100.00%
2002	2001	71.94%	28.06%	100.00%
2001	2000	71.82%	28.18%	100.00%
2000	1999	72.14%	27.86%	100.00%
1999	1998	69.04%	30.96%	100.00%
1998	1997	69.40%	30.60%	100.00%
1997	1996	69.70%	30.30%	100.00%
1996	1995	70.20%	29.80%	100.00%
1995	1994	70.80%	29.20%	100.00%
1994	1993	71.50%	28.50%	100.00%
1993	1992	71.80%	28.20%	100.00%
1992	1991	72.30%	27.70%	100.00%

Account Detail

All Funds

Education

Acct	Description	FY 09 Actual	FY 10 Actual	FY 11 Actual	FY 12 Amended Budget	FY 13 Adopted Budget
4001 - Property Taxes-Current		(335,306,700)	(347,511,060)	(329,918,377)	(324,700,000)	(324,700,000)
4002 - Property Taxes-Delinquent		(11,173,563)	(13,657,992)	(14,444,221)	(11,403,000)	(12,828,000)
4016 - Uptown Redevelopment Incremental Taxes		0	(71,602)	(71,430)	0	0
40 - Property Taxes		(346,480,263)	(361,240,654)	(344,434,028)	(336,103,000)	(337,528,000)
4105 - MLG&W In Lieu Of Taxes		(4,219,822)	(3,358,970)	(1,330,491)	(1,290,000)	(3,041,000)
4108 - Exempt Property In Lieu Of Taxes		(4,553,052)	(5,824,005)	(4,176,078)	(4,276,000)	(4,039,000)
4160 - Wheel Tax		(6,034,863)	0	(2,210,543)	(19,619,000)	(16,680,000)
41 - Other Local Taxes		(14,807,737)	(9,182,975)	(7,717,112)	(25,185,000)	(23,760,000)
4805 - Interest Income		0	(1,230)	0	0	0
48 - Investment Income		0	(1,230)	0	0	0
Revenue		(361,288,000)	(370,424,859)	(352,151,140)	(361,288,000)	(361,288,000)
8954 - Memphis City Schools		250,119,474	248,096,469	249,463,096	250,135,286	245,676,000
8955 - Shelby County Schools		111,168,525	113,191,530	111,824,904	111,152,714	115,612,000
89 - Affiliated Organizations		361,288,000	361,287,999	361,288,000	361,288,000	361,288,000
Affiliated Organizations		361,288,000	361,287,999	361,288,000	361,288,000	361,288,000
Expenditures		361,288,000	361,287,999	361,288,000	361,288,000	361,288,000
Education Total		0	(9,136,860)	9,136,860	0	0

Account Detail

061 - County Schools

9101 Education

Acct	Description	FY 09 Actual	FY 10 Actual	FY 11 Actual	FY 12 Amended Budget	FY 13 Adopted Budget
4001 - Property Taxes-Current		(103,197,753)	(108,845,907)	(102,076,746)	(99,877,720)	(103,904,000)
4002 - Property Taxes-Delinquent		(3,413,118)	(4,239,255)	(4,530,546)	(3,528,088)	(4,105,000)
4016 - Uptown Redevelopment Incremental Taxes		0	(22,433)	(16,145)	0	0
40 - Property Taxes		(106,610,871)	(113,107,595)	(106,623,436)	(103,405,808)	(108,009,000)
4105 - MLG&W In Lieu Of Taxes		(1,298,861)	(1,057,279)	(411,654)	(396,804)	(973,000)
4108 - Exempt Property In Lieu Of Taxes		(1,401,262)	(1,821,884)	(1,291,737)	(1,315,298)	(1,292,000)
4160 - Wheel Tax		(1,857,531)	0	(702,488)	(6,034,804)	(5,338,000)
41 - Other Local Taxes		(4,557,654)	(2,879,163)	(2,405,879)	(7,746,906)	(7,603,000)
4805 - Interest Income		0	(362)	0	0	0
48 - Investment Income		0	(362)	0	0	0
Revenue		(111,168,526)	(115,987,119)	(109,029,315)	(111,152,714)	(115,612,000)
8955 - Shelby County Schools		111,168,525	113,191,530	111,824,904	111,152,714	115,612,000
89 - Affiliated Organizations		111,168,525	113,191,530	111,824,904	111,152,714	115,612,000
Affiliated Organizations		111,168,525	113,191,530	111,824,904	111,152,714	115,612,000
Expenditures		111,168,525	113,191,530	111,824,904	111,152,714	115,612,000
Education Total		0	(2,795,589)	2,795,589	0	0

Account Detail

062 - City Schools

9101 Education

Acct	Description	FY 09 Actual	FY 10 Actual	FY 11 Actual	FY 12 Amended Budget	FY 13 Adopted Budget
4001 - Property Taxes-Current		(232,108,947)	(238,665,153)	(227,841,631)	(224,822,280)	(220,796,000)
4002 - Property Taxes-Delinquent		(7,760,445)	(9,418,737)	(9,913,675)	(7,874,912)	(8,723,000)
4016 - Uptown Redevelopment Incremental Taxes		0	(49,169)	(55,286)	0	0
40 - Property Taxes		(239,869,392)	(248,133,060)	(237,810,592)	(232,697,192)	(229,519,000)
4105 - MLG&W In Lieu Of Taxes		(2,920,961)	(2,301,691)	(918,837)	(893,196)	(2,068,000)
4108 - Exempt Property In Lieu Of Taxes		(3,151,790)	(4,002,121)	(2,884,341)	(2,960,702)	(2,747,000)
4160 - Wheel Tax		(4,177,332)	0	(1,508,055)	(13,584,196)	(11,342,000)
41 - Other Local Taxes		(10,250,083)	(6,303,812)	(5,311,234)	(17,438,094)	(16,157,000)
4805 - Interest Income		0	(868)	0	0	0
48 - Investment Income		0	(868)	0	0	0
Revenue		(250,119,474)	(254,437,740)	(243,121,825)	(250,135,286)	(245,676,000)
8954 - Memphis City Schools		250,119,474	248,096,469	249,463,096	250,135,286	245,676,000
89 - Affiliated Organizations		250,119,474	248,096,469	249,463,096	250,135,286	245,676,000
Affiliated Organizations		250,119,474	248,096,469	249,463,096	250,135,286	245,676,000
Expenditures		250,119,474	248,096,469	249,463,096	250,135,286	245,676,000
Education Total		0	(6,341,271)	6,341,271	0	0