

Background: An ad hoc group assembled two months ago to study the merits of forming a Town of Signal Mountain municipal school district and determine if a more formal study would be worthwhile. This informal group consisted of parents, grandparents, citizens from across the mountain, former mountain educators, and public servants. This initial analysis focused on the impact to students, faculty and staff, budgets and legalities and, most importantly, the potential for improved student outcomes.

Below are some of the key questions this group addressed in coming to a recommendation that a formal committee should be formed to study the feasibility of a Town of Signal Mountain school district.

Key Questions and Responses:

1. **Why did this group review a separate Signal Mountain school district?** Despite efforts to the contrary, HCDE has been in the news over the last few years for the wrong reasons. A lot of the news centers on poor HCDE leadership and mismanagement, whether it is facilities, personnel, morale and sadly educational outcomes, which negatively impact our Signal Mountain schools. To address similar issues, six municipalities from the Memphis area over the last few years formed their own municipal school districts and have had great success.
2. **Why may a separate school district be a good idea for the Town of Signal Mountain?** Studies indicate that smaller school districts with firsthand knowledge of students' needs are able to use local control to better tailor educational programs for the needs of its students. This leads to better outcomes for students and better allocation of resources.
3. **How does this help Signal Mountain students?** Local control enables Signal Mountain schools to better meet the needs of Signal Mountain students. Decisions tailored to the needs of Signal Mountain students result in a better allocation of limited resources. Preliminary, very conservative financial analysis indicates that a Signal Mountain school district would be able to spend less on central office overhead on a per student basis and fully fund the essentials of a great education—art, STEM, extracurricular, and other programs—many basic programs that are not currently funded by Hamilton County.
4. **If I'm a resident of the Town of Signal Mountain and Signal Mountain forms a school district, will my taxes increase?** There is no evidence to indicate a need to increase town taxes to fund a Signal Mountain school district. In fact, conservative estimates show an opportunity to fund programs that are currently not funded by the HCDE without an increase in Signal Mountain taxes. The primary revenue source of the schools' will continue to be state and Hamilton County taxes. As a result of potential synergies between the Town of Signal Mountain and the schools, a Signal Mountain school district may actually keep taxes lower for Signal Mountain residents than if a separate school district is not formed.
5. **Will Signal Mountain tax payers be the sole source of funding of the school district and its schools?** No, by state law both the state and county funds follow the student. The Signal Mountain school district would receive the average per student allocation of Hamilton County state and county funds.
6. **Can SM afford to pay for the cost of the land and buildings?** Just as with the six municipal school districts that separated from the Shelby County School system, Signal Mountain would

not need to pay for the buildings or land as these are considered a public good, but it may need to pay for the non-fixed assets such as desks, books, computers, etc. The Towns of Signal Mountain and Walden contributed \$10 million to help fund the construction of SMMHS, and the community has donated more than \$6 million over the last eight years, so this may cover the cost of the non-fixed assets. Despite the potential that Signal Mountain may not need to pay for the land, buildings, or non-fixed assets, the initial financial analysis included similar cost for these as was required by the Memphis area school districts, as a conservative assumption.

7. ***Will students that live in Walden and the unincorporated areas of Signal Mountain be able to attend the SM schools?*** Yes, the Signal Mountain school district has freedom to establish its zoning policy and can work with Walden and Hamilton County to establish inter-local agreements for their students to attend the Signal Mountain schools on a priority basis.
8. ***Won't a Signal Mountain School District lead to an increase in Signal Mountain population?*** It doesn't look like there would be much of an impact based on the change in the Signal Mountain population over the period when SMMHS was opened in 2008. From 2000 to 2015, the population of the Town of Signal Mountain increased by just 3.9%, excluding the annexed areas of Fox Run and Windtree.
9. ***Will the Mountain Education Foundation still be needed if a Signal Mountain school district is formed?*** If a new Signal Mountain school district is formed, the MEF will continue to have a critical role in providing vital financial resources to ensure exceptional schools on Signal Mountain. It will take some time before a new school district could be established, so the MEF will continue to play a vital role in funding key programs for our Signal Mountain schools and needs your support. Please keep giving.
10. ***How will this affect our teachers?*** Just as occurred in the Memphis area municipal school districts, expectations are that all the teachers that would like to keep their positions will be able to keep them. The details and specifics for this to happen will need to be worked out by the new school district superintendent. As required by Tennessee state law, teachers must maintain or exceed their current level of pay if a new district is formed and accumulated sick leave is subject to carryover. Teachers are also able to continue to utilize the TN Consolidated Retirement System and will not lose their earned years of service credit.
11. ***Does Signal Mountain satisfy the legal criteria to form its own school district?*** Initial analysis indicates that Signal Mountain would be able to satisfy the necessary legal criteria.
12. ***How does this impact Hamilton County?*** Funding and expenses would decrease on a pro-rata basis. This should enable Hamilton County to better focus its resources on its needs and priorities. Their number one priority, as defined by the state, is to address problems in Hamilton County's teaching ranks.
13. ***What needs to happen next in order to keep moving toward a Signal Mountain school district?*** The work that has been completed to date determined that pursuing a Signal Mountain school district is a viable option legally, financially, and educationally. Local control of the schools is expected to enable Signal Mountain schools to better meet the needs of Signal Mountain students resulting in a better allocation of limited resources. This work found that less could be spent on central office overhead on a per student basis to fully fund the core programs that are not currently funded by HCDE. We think the concept of a Signal Mountain school district has enough merit to warrant further research by a formal group to determine whether this is best for the Town of Signal Mountain and its students.

Group Members: Don Close, Rob Hensley, Bill Kennedy, Bill Leonard, Kayse Rigsby, and Amy Wakim.