

Riverview School District



**10th Street
Elementary**



**Verner
Elementary**



**Jr/Sr High
School**

2016 – 2017 Budget at a Glance

Academics.Arts.Athletics.Opportunities.

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School Budgets 101 (According to AASA)

Any local government or agency—including public schools—uses its budget to describe its program plans for the upcoming year. This brief—written to help expand familiarity with and understanding of school budgets and the role of various levels of government—is a bird’s-eye view of school budgets and answers the following questions:

- Who is involved in the school budget?
- What is the role and purpose of the school budget?
- What are the major budget categories for school districts?
- Where do the resources for school budgets come from?
- When are school budgets spent?
- How is this information related to the current federal budget proposal and economic realities at the local level?

The content and information presented here is a general overview of school budgets. As such, specifics will vary between both states and districts. As you read through the remaining information, keep in mind that at any given time, school districts are likely managing three budgets: finishing audits/evaluations and final details of the previous budget, operating and monitoring the current budget, and planning for the next budget.

Overview:

While the concept of budgets is common across professional sectors and fields, the budget process in public schools has noticeable differences that impact how districts’ allocate and prioritize their funds. For example, while most public and private organizations and businesses have 35 to 40 percent of their budgets tied to personnel and benefits, the comparable number in public schools is, on average, more than double, between 80 and 85 percent. Further complicating districts’ ability to address budget priorities, the remaining 15 percent of their budgets is oftentimes impacted and limited by state, local and federal mandates related to everything from building codes to class size requirements. The school budget involves many different individuals and entities across several levels of government. The budget—and accompanying process—provides school districts and their leaders with an opportunity to justify the collection and expenditure of public funds. School budget resources come from a combination of local, state and federal contributions. School budgets are spent continuously throughout the year. Federal dollars in school budgets are also spent throughout the school year, with the rule of ‘first in, first out.’ That is, money is spent in the order that it is received: A school district cannot spend any of its Title I funds for the 2016-2017 school year until it exhausts its 2015-16 school year.

What is the role and purpose of the school budget? The school budget—and accompanying process—provide school districts and their leaders with an opportunity to justify the collection and expenditure of public funds.

In its most simple definition, a school budget describes a district’s plan for the upcoming year as related to anticipated revenues and expenditures. School budgets allow districts to translate sometimes intangible missions, operations and objectives into reality by outlining and providing

specific programs and funding/financial terms. A school budget helps bridge the gap that can exist between a district's stated goals and resource allocation. The budget process forces the discussion that will inform choices among various programs competing for the limited available resources. As William Hartman writes, key steps of the school budget process include, "...establishing the district's objectives and priorities; allocating resources; involving the public through budget hearings, school board decisions and other means of representative democracy; and, in some states, conducting budget elections." (Hartman, 1999).

What are the major budget categories for school districts? While specific budget lines and items vary district to district and state to state, there are broad general categories that apply to most schools. These categories include, but are not limited to:

- *Transportation* - buses and drivers to transport students
 - *Facilities* – to ensure students attend schools that are clean and well maintained
 - *Energy* - the school is lit during the day, heated in the winter and cooled in the summer
 - *Health and Safety* - the school nurse cares for the ill student, and security measures keep staff and students safe
 - *Instruction* - students have a qualified teacher, teachers have instructional aides, and classrooms have supplies
 - *Curriculum and Staff Development* - curriculum, training and instructional support to ensure teachers are able to provide students with necessary knowledge and skills
 - *Food Services* - nutritious, affordable breakfast and lunch
 - *Library Services* - the library and librarian/staff provide research assistance and resources
 - *Counseling Services* - counselors for testing prep, college prep, drug/alcohol abuse programs, and supporting family needs in seeking outside counseling
 - *School Leadership and Support* - principal, assistant principals and administrative support staff
- (Source: Round Rock ISD)

2016-2017 Budget Highlights

- ❑ On May 16, 2016, the Board of Education adopted a proposed final budget. Total Revenues \$21,676,635. Total Expenditures \$22,467,711. Total Fund Balance \$3,349,518. This current budget includes real estate tax increase, this is the second school year in a row that Riverview has not increased real estate taxes.

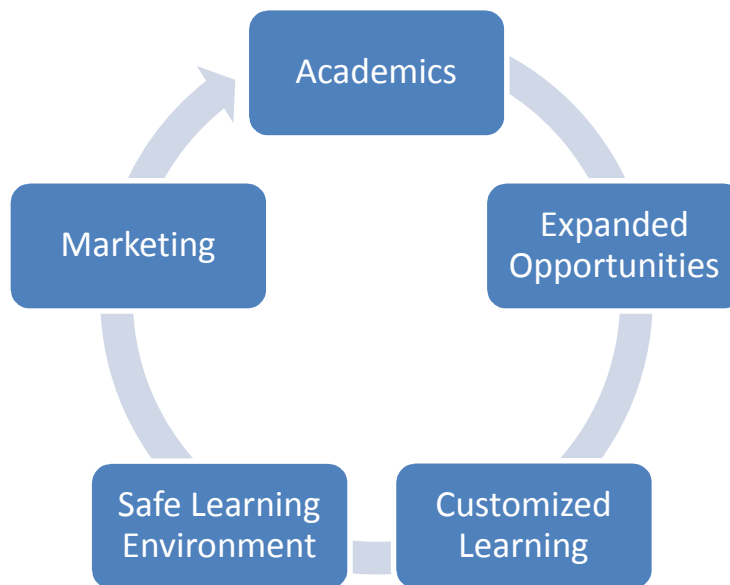
Ongoing Challenges:

- ❑ The 2016-2017 budget includes a 2.25% increase in the PPO and HMO health insurance plans.
- ❑ The 2015-2016 budget includes a 4.19% increase in the employer contribution to the Public School Employees' Retirement System. The State does reimburse school districts 50% of this cost.
- ❑ The budget includes a \$900,000 use of committed fund balance for some district-wide capital improvement projects.
- ❑ This budget includes approximately \$200,000 for cyber charter school tuition.
- ❑ Declining Enrollment.
- ❑ Capped taxing capacity.
- ❑ Instability of State Funding.

Positive Outcomes:

- ❑ A continuing effort to maintain smaller class sizes.
- ❑ A continuing effort to increase the number of Advanced Placement Courses and better prepare our students for their future.
- ❑ A continuing effort to maintain all academic and athletic programs to remain competitive with AAAA schools.
- ❑ A continuing effort for Student Success by providing enrichment and remedial support to all.
- ❑ A continuing effort to providing a safe and secure facility for our students.
- ❑ A continuing effort to update our technology systems in an every changing climate.
- ❑ A continuing effort to maintain our current staff without any furloughs.

Budgeting with a Focus on the Strategic Planning Goals



Goals:

Academics – Using data analysis standards-aligned curricula and research-based strategies to meet and monitor student’s learning needs at all levels.

Expanded Opportunities – Continue to expand and refine various student learning opportunities K-12.

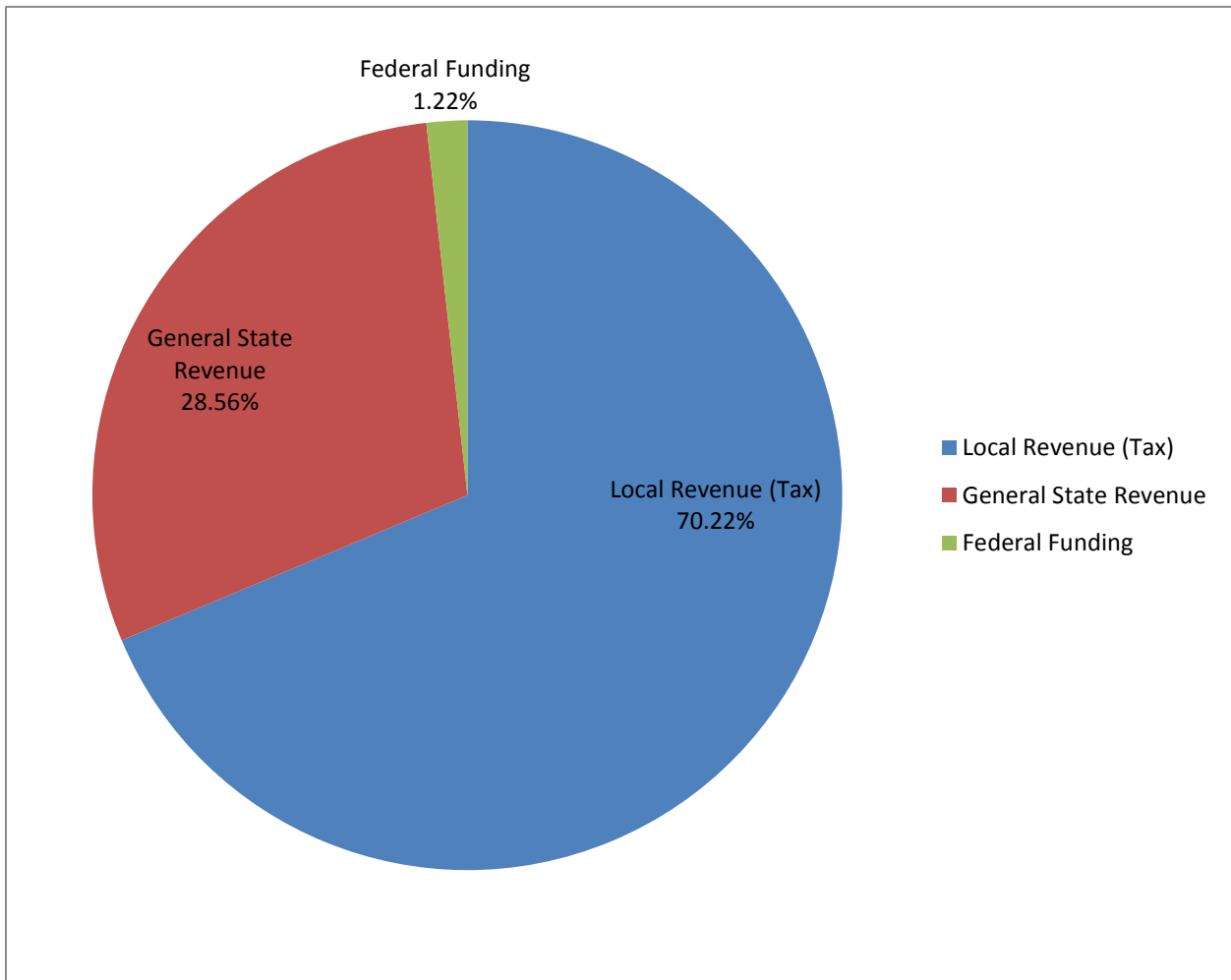
Customized Learning – Continue to improve and refine our approach to creating and implementing customized education plans for our students based on the analysis of data.

Safe Learning Environment – Monitor, refine, and communicate a safe and respectful learning environment.

Marketing – Articulate and advance our mission of Serious Commitment to Student Success and develop, showcase and market district as providing academically competitive, high-quality education and facilities that are conducive to safe and supportive conditions.

Operating Revenues by Source

	Budget	District %
Local Revenue (Tax)	15,221,678	70.22%
General State Revenue	6,191,598	28.56%
Federal Funding	263,359	1.22%
	<u>21,676,635</u>	<u>100%</u>



As the charts above illustrate, the primary source of revenue for Riverview School District is local revenue (taxes).

Local Revenue (Taxes)

Property Taxes

The Act 1 Index tax cap significantly limits the District to increase property taxes. The index has decreased each year since its inception of the 2006-2007 school year. Below is a chart based on the history and forecast of the Act 1 Base Index and Components: Statewide Average Weekly Wage as reported by the Department of Labor and Statistics and the Employment Cost Index from Elementary and Secondary schools as reported by the Bureau of Labor Statistics. Additionally, for school districts with a market value/personal income aid ratio (MV/PI AR) greater than 0.4000, the value of their index is adjusted upward by multiplying the base index by the sum of 0.75 and their MV/PI AR. For example, if the base index is 2.1% and the school district's MV/PI AR is 0.6000, the school district's *adjusted index* is $2.1\% \times (0.75 + 0.6000) = 2.8\%$.

Fiscal Year	SAWW	ECI	ACT 1 Base Index
2006-07	4.2%	3.5%	3.9%
2007-08	2.8	4.0	3.4
2008-09	4.3	4.5	4.4
2009-10	4.6	3.6	4.1
2010-11	2.7	3.0	2.9
2011-12	0.9	1.9	1.4
2012-13	2.1	1.3	1.7
2013-14	2.0	1.4	1.7
2014-15	2.6	1.6	2.1
2015-16	2.4	1.4	1.9
2016-17	2.5	2.2	2.4
2017-18	2.2	2.9	2.6
2018-19	2.7	2.9	2.8

As you can see **the Act 1 index has been an extremely low index** as a limit on property taxes. The tax cap has severely limited revenue increases for Riverview School District. Since the tax cap was implemented, Riverview has used expenditure reduction plans as well as other financial strategies to reallocate resources to mitigate the impact of the tax cap. The result of this work is the current position of healthy fund balances in the operating funds. However as expenditures continue to rise, the index stalls, and State Revenues continue to be level funded, the District is concerned that expenditures are beginning to outpace revenues.

Local Revenue (Taxes)

Other Taxes

Personal Income/Earned income – Assessed on wages, compensation, net profits.

Smaller Local Taxes include – Public Utility, Payment in Lieu of Taxes, Real Estate Tax Transfer, Act 511 Tax (per capita, occupational, local service tax).

General State Revenues

Major components:

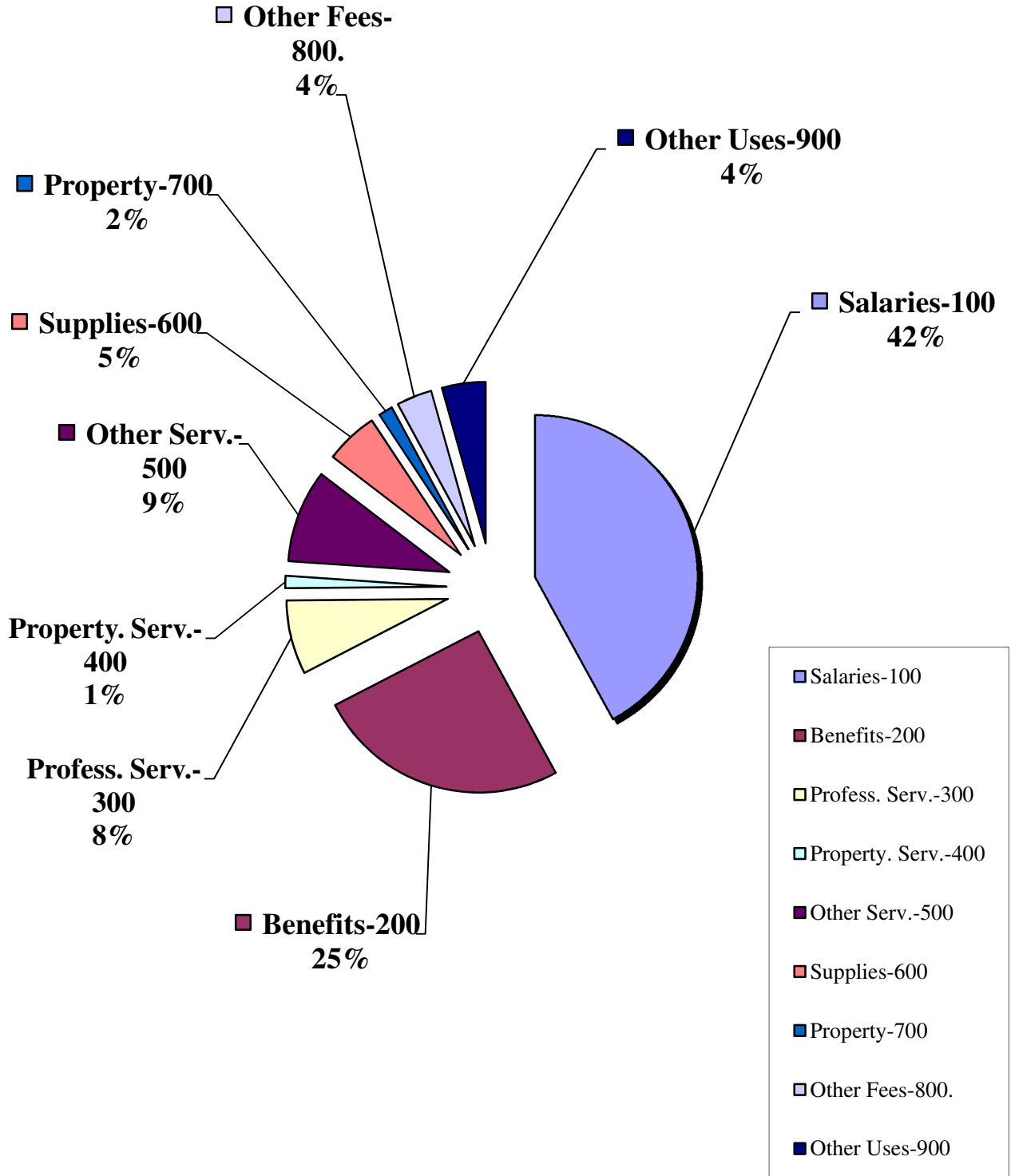
- Basic Education Subsidy
- Special Education Subsidy
- Transportation Subsidy
- Rental and Sinking Funds Subsidy
- State Property Tax Allocation
- Health Services
- Social Security and Medicare Tax Subsidy
- Retirement Contributions Subsidy

The Basic Education Subsidy increased is expected to increase by 4.7% for 2015-16; in 2014-15 a 2% increase was given to schools. The Special Education Subsidy is expected to increase by 2% in 2015-16, but has been level funded for the past 7 years. Authority Rentals and Sinking Funds are expected to see yet another year of a freeze or level funding.

Federal Revenues

- Title Funds
- Access Funds

Expenditures by Object

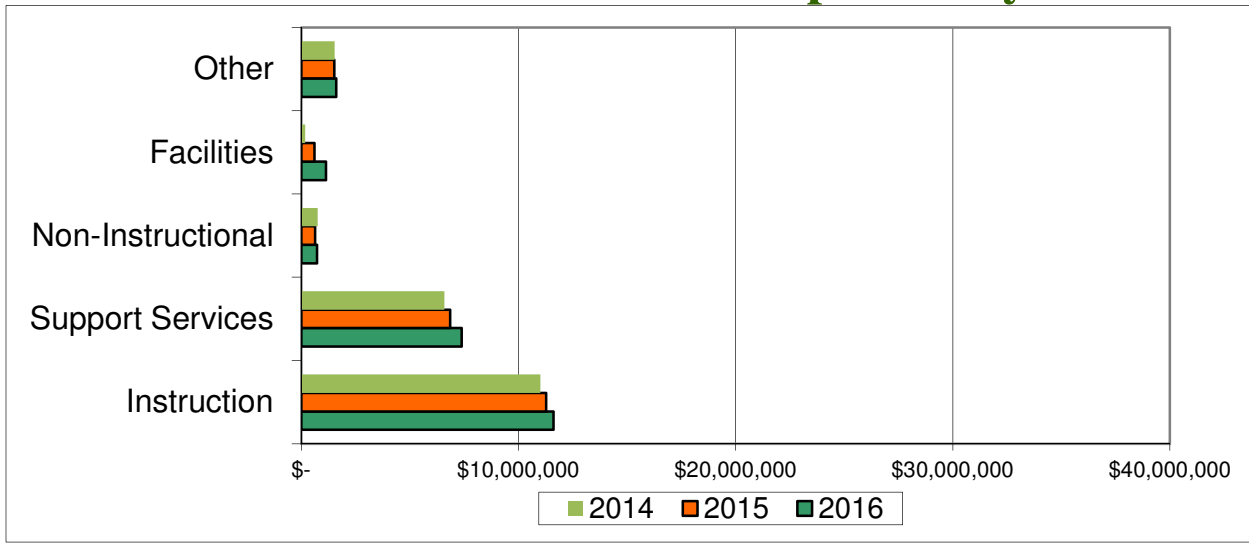


Instruction Takes Top Priority

2016-2017 Total Expenditure Budget

Functions	Detail Functions	Budget
Instruction \$11,609,881 51.67%	Regular Programs	8,723,694
	Special Education	2,343,207
	Vocational Programs	531,710
	Other	11,000
Support Services \$7,387,258 32.87%	Pupil Personnel	556,195
	Instructional Staff	2,005,039
	Administration	1,738,740
	Pupil Health	266,385
	Business	355,695
	Operations & Maintenance	1,654,051
	Student Transportation	793,153
	Other	18,000
Operations of Non-Instructional Services \$719,200 3.20%	Student Activities	637,150
	Community Services	82,050
Facilities \$1,140,800 5.07%	Facilities and Construction	1,140,800
Other Expenses \$ 1,610,572 7.16%	Debt Service	1,413,872
	Other Transfers	76,700
	Budgetary Reserve	120,000
Total		<u>\$ 22,467,711</u>

Instruction Takes Top Priority



	2016		2015		2014	
Instruction	\$11,609,881	51.67%	\$ 11,270,656	53.93%	\$ 11,013,713	54.85%
Support Services	\$ 7,387,258	32.87%	\$ 6,862,446	32.83%	\$ 6,591,095	32.83%
Non-Instructional	\$ 719,200	3.20%	\$ 633,530	3.03%	\$ 754,655	3.75%
Facilities	\$ 1,140,800	5.07%	\$ 615,000	2.94%	\$ 179,600	.08%
Other	\$ 1,610,572	7.16%	\$ 1,518,812	7.67%	\$ 1,540,174	7.67%
	<u>\$ 22,467,711</u>	<u>100.00%</u>	<u>\$ 20,900,444</u>	<u>100.00%</u>	<u>\$ 20,079,237</u>	<u>100.00%</u>

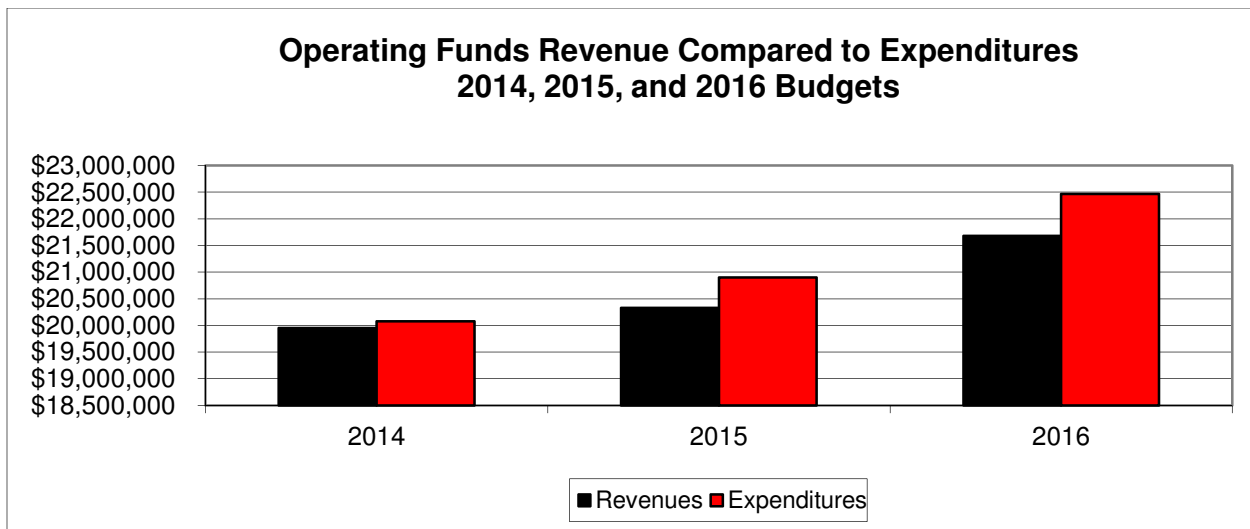
The District has organized the entire budget into five operational categories that summarize how money is spent. As the charts show Riverview School District keeps instruction as its top priority while providing funds necessary to the areas that support instruction.

Over 51 % of the District’s total budget is spent in the classroom on instruction. In the support services category there are significant expenditures that directly support classroom instruction such as transportation, food services and custodial services. Increases in the facilities category are due to the upgrades needed to the facilities to provide a safe and secure environment for instruction.

Why Budget Reductions?

One question that we are frequently asked is:

If Riverview School District has healthy fund balances, then why is the District working so hard at making budget reductions?



1. Expenditures are beginning to outpace revenues.

- 71% of the District's revenues are taxes, which are limited to ACT 1 increases.
- *Salaries, benefits, energy, and special education costs are all increasing at a faster rate than the Act 1 Index.*

1. Protect the fund balances for the future of Riverview School District.

- The fund balances provide the resources to maintain and improve the quality of student learning through Board initiatives.
- It has been the careful, deliberate and prudent fiscal management by the Riverview School District School Board and Administration that has enabled the District to build the fund balances.

2. The compounding effect of deficit spending.

- Once deficit spending starts, the deficits will compound, and fund balances can deplete very rapidly.

3. Maintain fiscal accountability to the taxpayers.

- Riverview School District is slightly higher than the county average (20.28) in millage rates. The 2015 millage rate was 22.4462.

Contact Information

This booklet was prepared by the Tammy Good, Business Manager for the benefit of our community. It presents an overview of the budget for the 2016-2017 school year with comparisons to budgets in previous years. If you have any questions, please contact the Business Office at 412-828-1800, or tgood@rsd.k12.pa.us