

R RIVERVIEW SCHOOL DISTRICT

2017 – 2018 Budget at a Glance



**10th Street
Elementary**



**Verner
Elementary**



**Jr/Sr High
School**

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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 are often times 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 2017-2018 school year until it exhausts its 2016-2017 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* - principals, assistant principals and administrative support staff
- (Source: Round Rock ISD)

2017-2018 Budget Highlights

- ❑ On June 19, 2017, the Board of Education adopted a final budget. Total Revenues \$22,276,784. Total Expenditures \$23,189,219. Total Fund Balance \$2,076,848. This current budget includes real estate tax increase and a fund balance use of \$912,435. The majority of the fund balance use is to keep up with the facilities to ensure a safe learning environment for our students. In addition to a safe learning environment, a number of facility improvements also include an environmental friendly upgrades that will produce energy savings within the current budget as well in future budgets.

Ongoing Challenges:

- ❑ Declining Western PA Population – Riverview has seen a similar decline over the last ten years dropping from approximately 1400 students to 980 students.
- ❑ Maintaining small class sizes. Over the last several years, a number of retirements have opened the opportunity for research and investigation into options of reducing staff, however moving forward in this similar pattern will not be possible.
- ❑ Continuing to provide expanded opportunities for students (Athletics, Arts, and Other Experiences). Creative options to continue offering the same level of opportunities will begin to disappear over time, resulting in tough decisions and staffing furloughs.
- ❑ Capped Taxing Capacity. The Waterfront establishment has offered a short-term solution to our long-term taxing capacity problem. This solution will not be a continued tax generating avenue.
- ❑ Unfunded mandates such as PSERS Pensions and Charter School Tuitions continue to burden school districts. PSERS rates are expected to continue in the 30% range well into the future. A reduction in cost is projected in the year 2048 for school districts. Enrollment in Charter Schools cost the District an upwards of \$300,000 per school year.
- ❑ Instability of State Funding/Federal Funding. The State of Pennsylvania continues to face a \$3 billion deficit and has not planned any tax increases to help this enormous hole in the budget. This instability at the State level trickles down to uncertainty at the school district level, as well as a forced support on the local taxpayer with increased real estate tax burden.

Positive Outcomes:

- ❑ A continuing effort to maintain our current staff without any furloughs was accomplished based on the following staffing facts:

Over the past several years, the following reductions to positions were implemented mostly due to attrition; with a few as a result of non-renewal of contracts:

- ❑ 1 Administrator Position
- ❑ 1 Custodian
- ❑ 5 teaching positions

Additional reductions were proposed in two areas as a result of attrition, but were not made. These would have resulted in the reduction of two teaching

positions, no furloughs to staff, and a financial savings to the district. These positions, as well as others, continue to be analyzed. In addition, realignment of paraprofessional hours were made resulting in more focused efforts on special education needs and reductions in otherwise clerical needs.

.5 teaching position was added as a result of assuming ESL, however this resulted in a cost savings to the district.

No additional positions have been added to the total number of employees over the past six years.

- Continuous targeted effort on improvement of the Grade Gap, as listed below:
 - Working with district counselors, the JHSH Principal assumed the role of facilitating collaborative efforts between three schools to create a transitional plan (Ms. Nix).
 - JHSH physical changes were made to house middle school students in one wing of the building.
 - A Junior High teaching team was created. Adjustments were made to schedules to include staff collaboration time and planning.
 - Targeted data analysis was prioritized to examine needs.
 - Counselors were realigned to target middle school student needs.
 - Middle School STEM and curricular area classes were added and revised.
 - Math pathways courses were realigned and revised.
 - Administrator goals focused on Reading and Math in Grades 5-8 over the past several years.
 - In 16-17, one Administrator was assigned to work with teachers at the junior high to support and assist them with assessing needs.
 - Curricular analysis, pathways examination, data analysis, and instructional analysis were prioritized.
 - CDT training and data collection/analysis was provided to teachers in grades 5-8 Math.
 - A request for a Reading Specialist and ES support was made by administrators and teachers.

17-18 Budget Highlights

- Hire a Reading Specialist to target 7-9 grade students. (does not add to current staffing numbers).
- Currently examining additional support structures for math.
- Continue with JHSH transition, teams, planning, data analysis and curricular revisions.

- ❑ Maintained high performance at the elementary level:
 - ❑ The 2016 District Pittsburgh Business Times rankings across the region are as followings:
 - ❑ Grade 3 - Ranked 4th
 - ❑ Grade 4 – Ranked 6th
 - ❑ Grade 5 – Ranked 11th
 - ❑ Grade 6 – Ranked 19th
 - ❑ Verner has been recognized as an Opportunity School
- ❑ Riverview is ranked regionally by Pittsburgh Business Times for making the biggest improvements in standardized test scores between 2014 and 2016.
- ❑ Compared to other school districts of our size in the region, Riverview ranks as the #1 Single A school district, and it ranks #3 when including all Single A and Double AA school districts.
- ❑ Acknowledged and awarded for RSD’s unique learning opportunities including:
 - ❑ SWPBIS, PJAS, Key-Club, Model UN, Scholar Athletes, STEAM grants, Digital Learning, PAECT, etc.
- ❑ A continued effort to review and find expenditure reductions:
 - ❑ Rebid Transportation Contract producing \$1,500,000 savings over 5 years.
 - ❑ Staff realignment to bring ESL program in-house resulting in an \$80,000 savings
 - ❑ Monitored delinquent tax collection program generating \$800,000 in revenue over 2 years.
 - ❑ Several Contract revisions that resulted in additional savings: FMS, Yes Chicks, Waste Management, Solicitor, UPMC Trainer, Local Auditor, etc.
- ❑ A continuing effort for Student Success by providing enrichment and remedial support to all. Including programs such as Kindergarten camp, afterschool targeted assistance/enrichment programs, and new STEAM courses and curriculum.
- ❑ A continuing effort to providing a safe and secure facility for our students that results in \$1.2 million dollars of future savings and provides protection to the risk of unexpected costs
- ❑ The creation of an Educational Foundation to help support student needs through grants and activities related to STEM initiatives.
- ❑ The completion of a 10-year capital projects/maintenance plan
- ❑ The identification of the need to study the long-term health of the District

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.

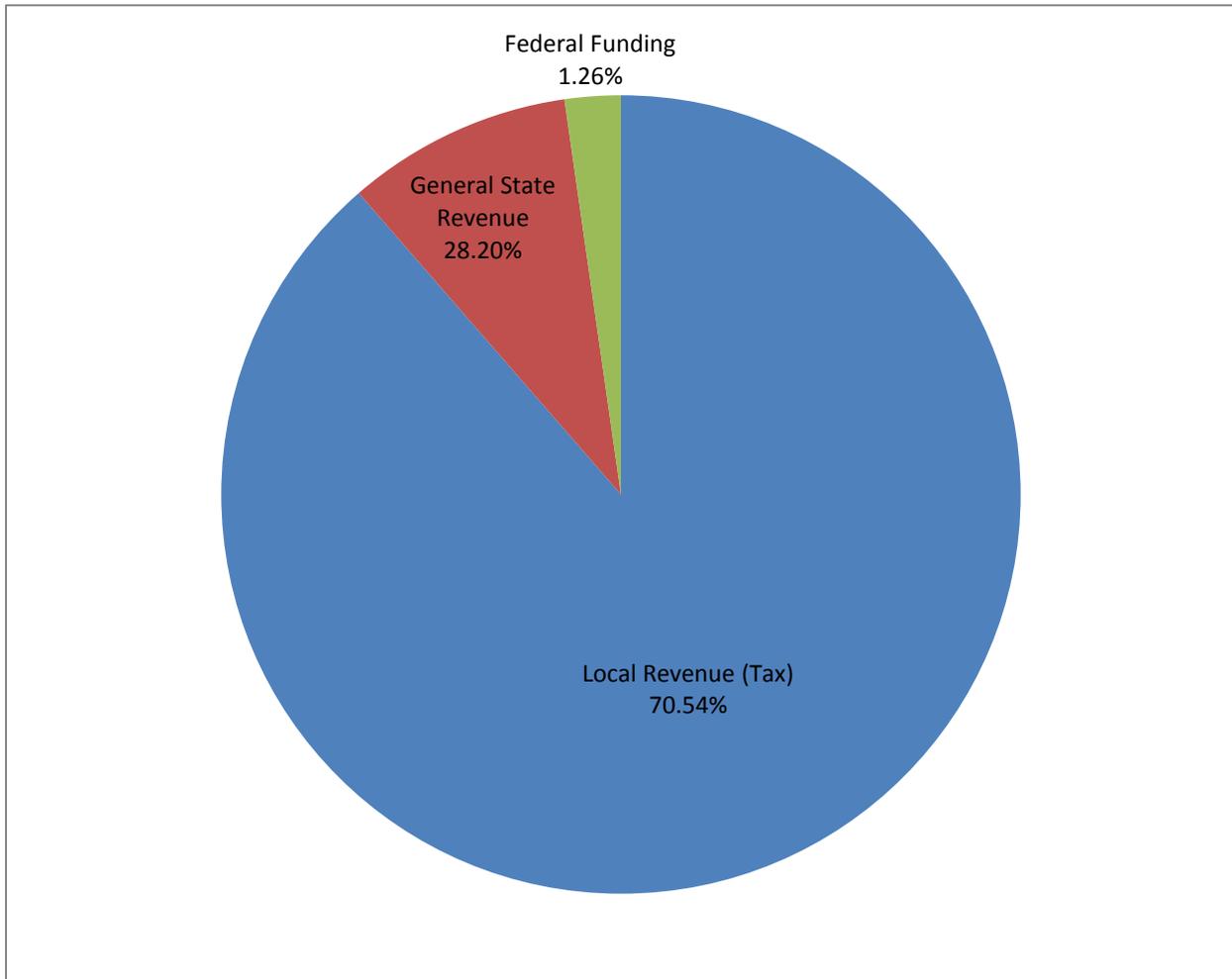
Customized Learning – Continue to improve and refine our approach to creating and implementing customized education plans for our students based on the analysis of data.

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

	<u>Budget</u>	<u>District %</u>
Local Revenue (Tax)	15,713,509	70.54%
General State Revenue	6,282,935	28.20%
Federal Funding	<u>280,340</u>	<u>1.26%</u>
	<u>22,276,784</u>	<u>100%</u>



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

How are School Districts Funded?

Local Revenue (Taxes) – Local School Boards are given the authority to collect these taxes by the Pennsylvania School Code. Most of the local revenue collected comes in the form of property taxes.

Property Tax or Real Estate Tax - is based on assessment values established and certified annually on January 1st by the Allegheny County Courthouse (Assessment Office.) For Riverview, revenue collected from property taxes equals **82%** of the total revenue received from all collected tax types.

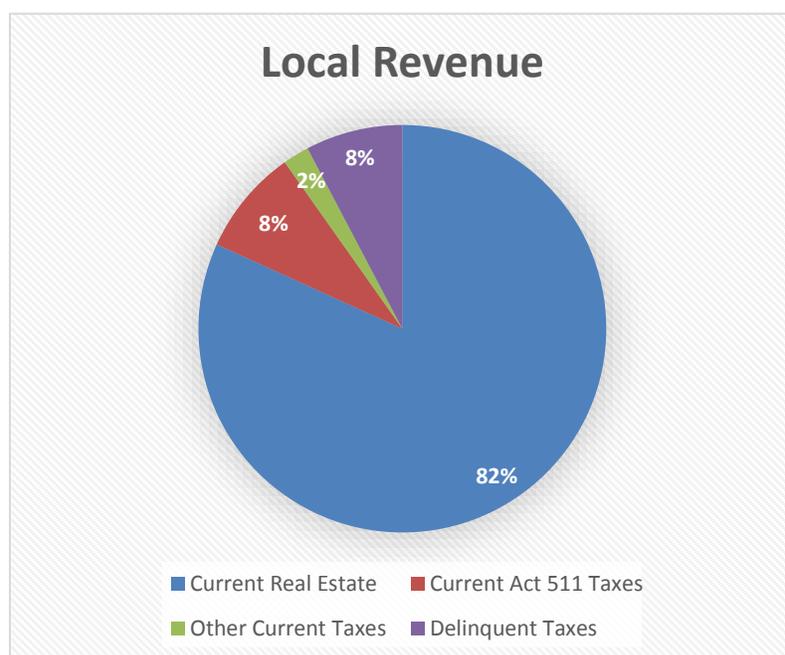
Act 511 Current Wage Tax or Earned Income Tax (EIT) – is assessed on wages, compensation, net profits at a rate of 1% and is shared with municipality. 50% is School District revenue, the other 50% is revenue for the municipality. For Riverview, revenue collected from EIT taxes are equal to **7%** of the total revenue received from all collected tax types.

Act 511 Current Real Estate Transfer Tax – is assessed on the sales price of a home at the time of sale and title transfer at a rate of 1%. 50% is School District Revenue, the other 50% is revenue for the County. For Riverview, revenue collected from Real Estate Transfer Tax is equal to **1%** of the total revenue received from all collected tax types.

Act 511 Current Local Services Tax – is assessed by the municipality and is a per resident tax that can be shared with the school district should the municipality agreed to do so. Riverview receives \$5.00 per resident assessed as authorized by the municipality and receives a very minimal amount of revenue which equates to **.15%** of the total revenue collected from all collected tax types.

Delinquent Act 511 Tax – Includes Delinquent Earned Income Tax and Delinquent Local Services Tax. These are equal to **8%** of total revenue.

Smaller Local Taxes include – Public Utility, Payment in Lieu of Taxes, and Real Estate Tax These are equal to **2%** of total revenue from all collected tax types.

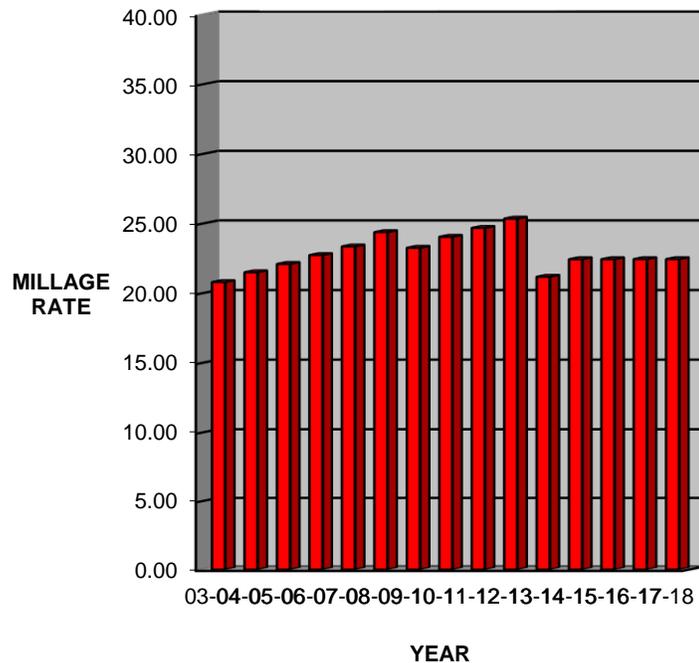


Local Revenue (Taxes)

History of Assessed Value and Millage Rates

Fiscal Year	Assessed Value	Millage Rate	100% Collection	Amount Collected	Percent Of Collection
2008-09	\$419,192,388	24.39	\$10,223,180	\$9,075,563	88.77%
2009-10	\$421,187,490	23.26	\$9,976,821	\$9,321,191	93.43%
2010-11	\$421,131,222	24.05	\$10,272,506	\$9,713,173	94.56%
2011-12	\$428,080,075	24.69	\$10,569,297	\$10,013,276	94.74%
2012-13	\$445,075,495	25.35	\$11,284,889	\$10,289,317	91.18%
*2013-14	\$561,414,844	21.18	\$11,535,305	\$10,769,538	93.36%
2014-15	\$572,910,666	22.4462	\$12,504,161	\$11,617,529	92.91%
2015-16	\$580,245,866	22.4462	\$12,666,648	\$12,053,872	95.16%
2016-17	\$597,421,691	22.4462	\$13,052,180	\$12,131,057	92.94%
2017-18	\$603,504,991	23.0073	\$13,528,430		

*2013-2014 school year includes the 2013 Countywide Property Re-Assessment performed by the Allegheny County Assessment Office. The Millage Rate was reduced as a result of an increase in Assessed Value from the Countywide Re-Assessment process and School Districts were not permitted to receive a windfall of tax dollars as a result.



The State's Limits on Property Tax

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	2.5

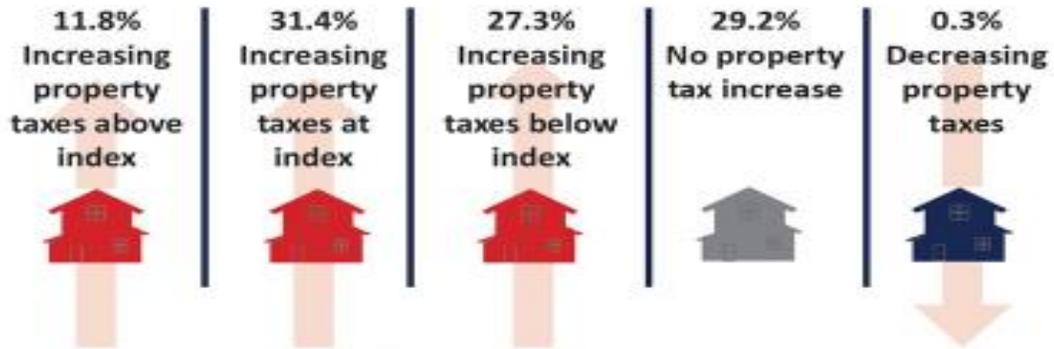
As you can see **the Act 1 index has been an extremely low index** as a limit on property taxes. The tax cap has severely limited revenue increases for Riverview School District. Since the tax cap was implemented, Riverview has used expenditure reduction plans as well as other financial strategies to 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.

What's Happening Across the State

Riverview is NOT alone, the graph below shows what is going on in school districts across the State of Pennsylvania.

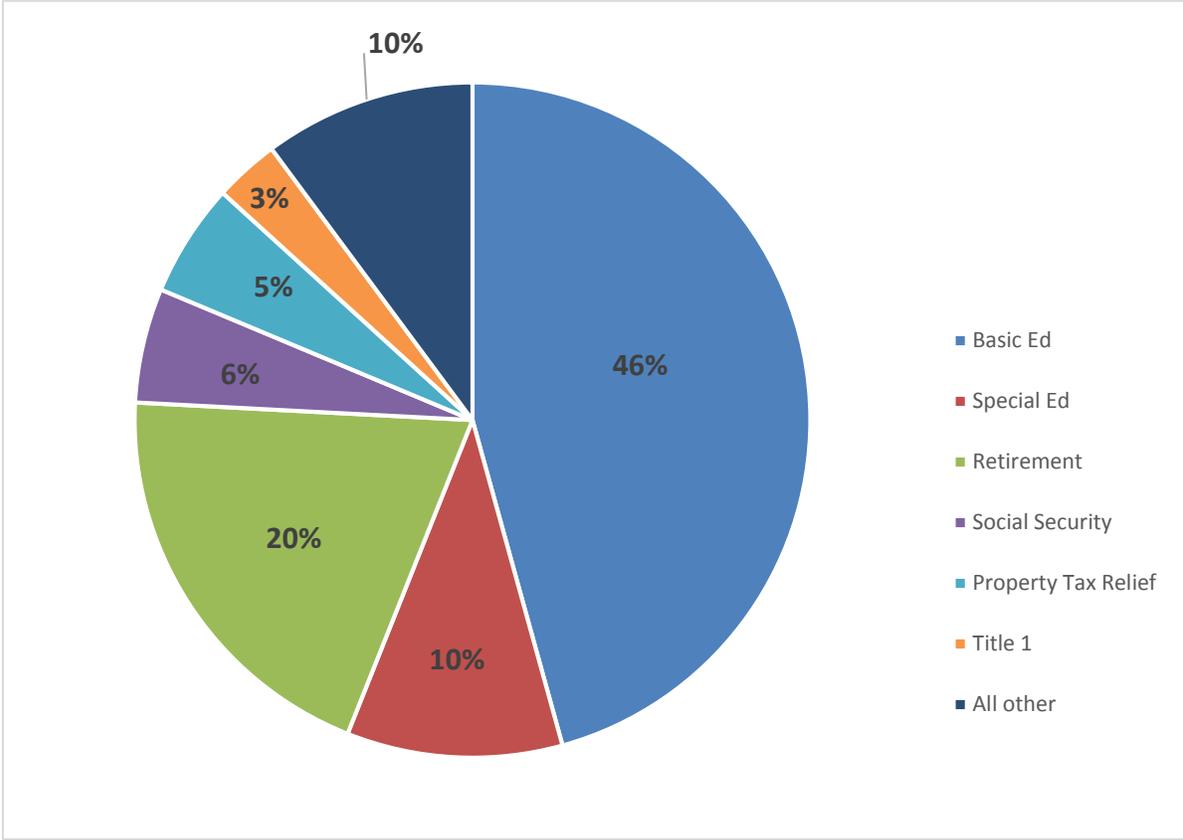
2017-18 PROPOSED PROPERTY TAX INCREASES

For FY 2017-18, does the district anticipate:



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State Revenues and Federal Revenues



The following are the major revenue streams that school districts receive from the State and Federal Government for educational purposes:

- Basic Education Subsidy
- Special Education Subsidy
- Retirement Subsidy
- Social Security Subsidy
- Property Tax Relief
- Title I

Both the Basic Education Subsidy and the Special Education Subsidy have been increasing slightly in the last couple years, however prior to these small increases they remained level funded for many years. For Riverview the future of State Revenues is bleak. State and Federal subsidies remain impacted by political and economic sources.

Funding from the State is based on a formula that puts strong emphasis on community wealth. The more wealth growth within a community, the stronger belief of a larger taxing capacity.

Riverview Median Household Income



Years	Oakmont Borough	Verona Borough	Riverview School District	Commonwealth of PA	MHI
2015	\$59,893	\$38,852	\$52,454	\$53,599	1.0218
2014	\$57,813	\$35,286	\$48,163	\$53,115	1.1028
2013	\$54,861	\$34,403	\$44,670	\$52,548	1.1764
2012	\$51,724	\$34,273	\$44,505	\$52,267	1.1744

Source: American Factfinder 2015 ACS 5-year
2016-2017 Distribution based on 2014 ACS 5-year
2015-2016 Distribution based on 2013 ACS 5-year

https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_14_5YR_S1903&prodType=table

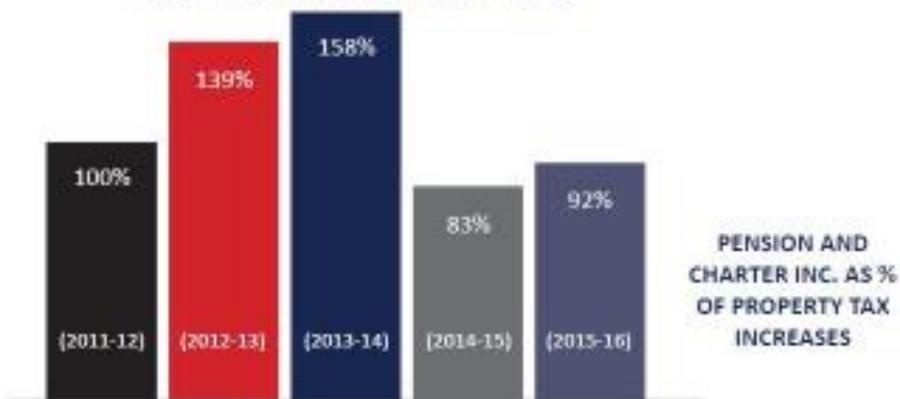
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This results in flat funding from the State or possible reductions in State funding, thus creating a worsening future scenario that will result in **Marching Backward**...

Riverview, unlike many School Districts across the State, has been weathering an increasingly worsening situation. Despite this, expenditures are still quickly outpacing revenues. Mandated pension obligations alone are eating up the majority of any new revenues produced by a limited local property tax increase. A look below is how the entire state has been affected by unfunded mandates.

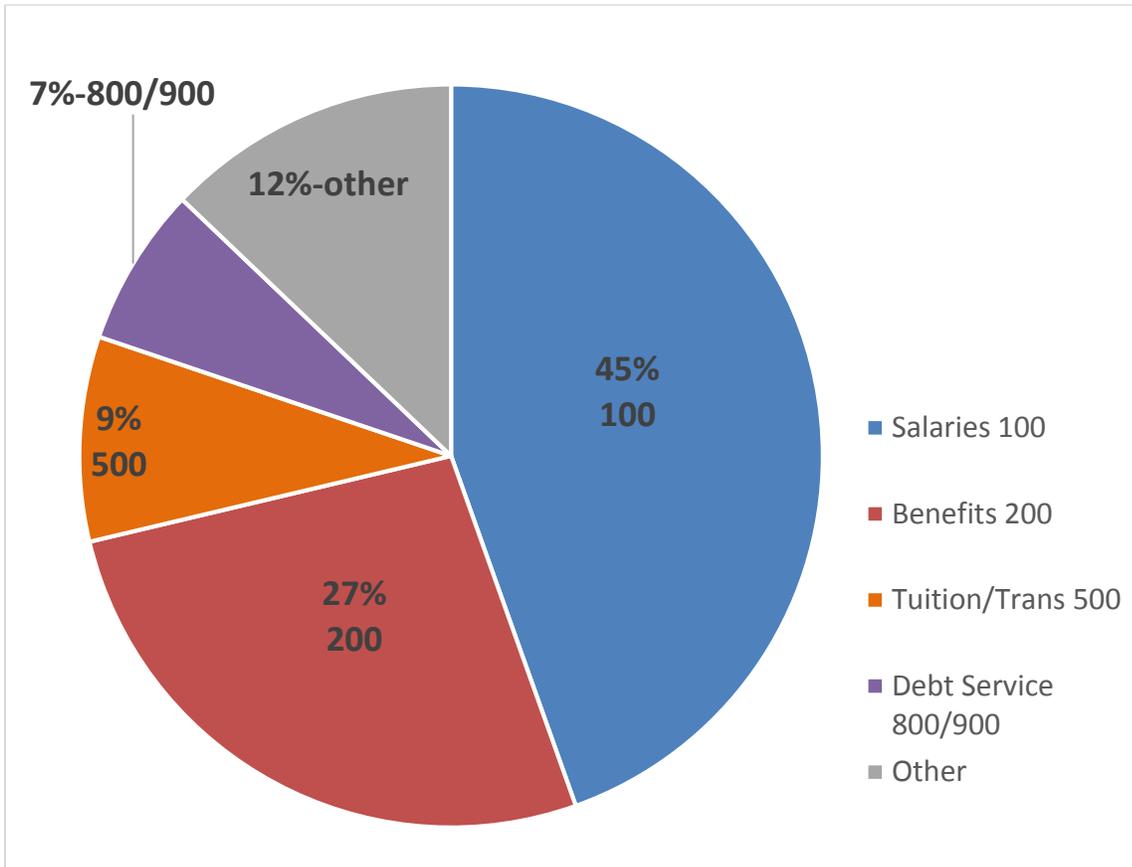
MARCHING BACKWARDS

Mandated Spending Consumes All New Property Tax Revenue
Classroom Resources Suffer



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Expenditures by Object

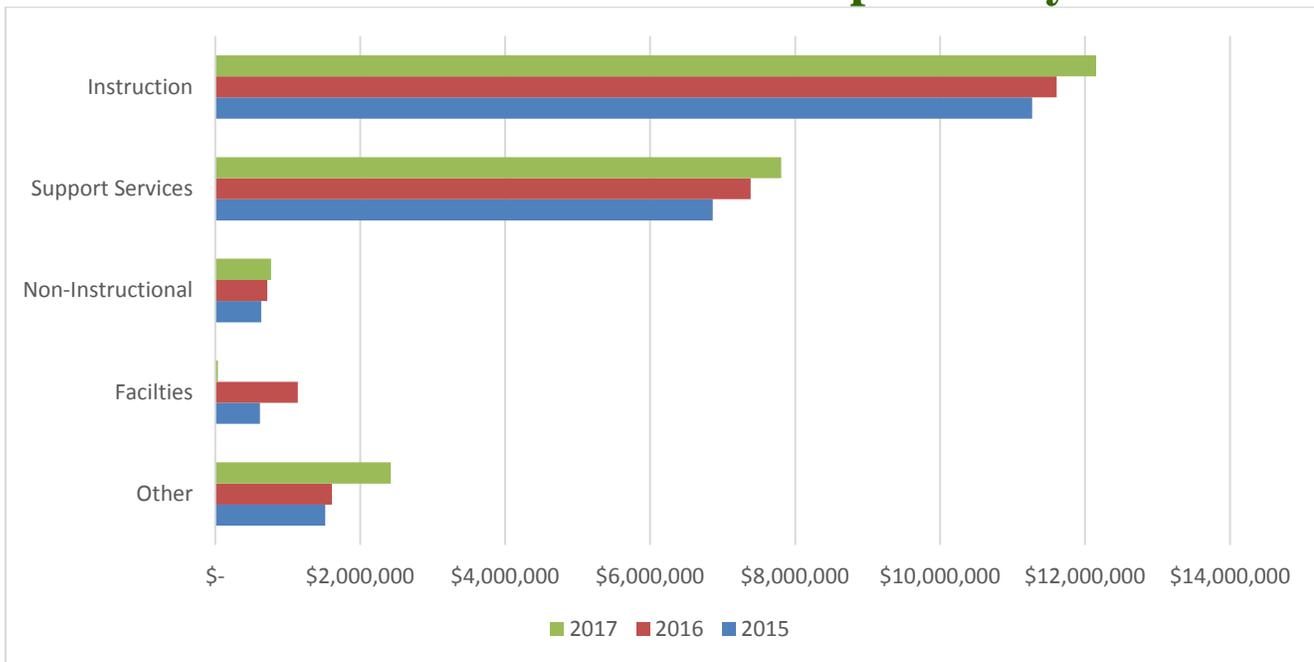


- 88% of the budget is Fixed Costs. These costs recur every school year, \$20.4 million on items such as salaries, benefits, tuition, transportation, debt service, etc.
 - 72% of the above Fixed Costs are Salaries & Benefits (\$14.6 million)

Comparing the Salaries & Benefits against Real Estate Tax Levy

- Salaries use 77% of total real estate tax levy at index - \$12,852,009, OR approximately 17 mills
- Benefits use 47% of total real estate tax levy at index - \$12,852,009, OR approximately 11 mills

Instruction Takes Top Priority



	2017		2016		2015	
Instruction	\$12,152,932	52.41%	\$ 11,609,881	51.67%	\$ 11,270,656	53.93%
Support Services	\$ 7,806,458	33.66%	\$ 7,387,258	32.88%	\$ 6,862,446	32.83%
Non-Instructional	\$ 771,180	3.33%	\$ 719,200	3.20%	\$ 633,530	3.03%
Facilities	\$ 37,500	.16%	\$ 1,140,800	5.08%	\$ 615,000	2.94%
Other	\$ 2,421,149	10.44%	\$ 1,610,572	7.17%	\$ 1,518,812	7.27%
	<u>\$23,189,219</u>	<u>100.00%</u>	<u>\$ 22,467,711</u>	<u>100.00%</u>	<u>\$ 20,900,444</u>	<u>100.00%</u>

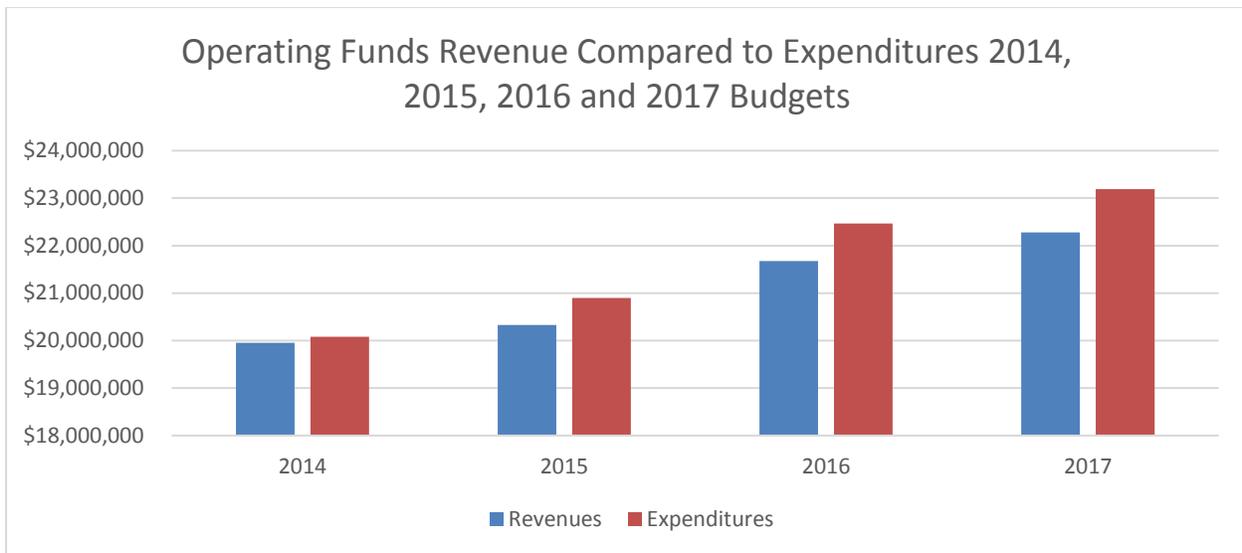
The District has organized the entire budget into five operational categories that summarize how money is spent. As the charts show Riverview School District keeps instruction as its top priority while providing funds necessary to the areas that support instruction.

Over 52 percent 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 (21.08) in millage rates. The 2016 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 2017-2018 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