FINANCIAL/OPERATIONAL EFFECTIVENESS GOAL

We fund and support a quality education and fair employment practices, while ensuring the long-term sustainability of the district. We produce a balanced budget with accurate and timely reporting to our varied agencies. We provide leadership, in our areas of expertise, to other departments.
2017-2018 State Budget

Basic Education Funding

Impact to Reading School District

2017-2018 RSD Budget

Questions
2017-2018 State Budget
APPROPRIATIONS BILL RECAP

➤ $33.3 BILLION SPEND FOR 2017-2018
• $100 MILLION INCREASE FOR BEF
• $25 MILLION INCREASE FOR SEF
• LEVEL-FUNDED READY TO LEARN GRANT
• $75 MILLION FOR PRE-K COUNTS & HEAD START
• $50 MILLION DECREASE TRANSPORTATION
REVENUE PROBLEMS

❖ DISAGREEMENT ON HOW TO FUND THE BUDGET:
  • LIQUOR PRIVATIZATION EXPANSION
  • GAMING EXPANSION
  • GROSS RECEIPTS ON NATURAL GAS
  • INCREASE MINIMUM WAGE TO $12.00 PER HOUR
  • NO BROAD BASED TAX INCREASE

❖ AND...NOW PENNSYLVANIA SHORTFALL AT $1 BILLION AND COUNTING.
Basic Education Funding
BASIC EDUCATION FUNDING FORMULA

🗹 FORMULA IS DESIGNED TO DIRECT RESOURCES TO DISTRICTS THAT NEED THEM THE MOST (GROWING DISTRICTS, HIGH POVERTY, HIGH ELL, HIGH CHARTER SCHOOL COSTS)

🗹 OTHER FACTORS ARE DESIGNED TO ADDRESS DISTRICT GEOGRAPHIC AND FISCAL CAPACITY ISSUES

🗹 FORMULA IS DYNAMIC AND DISTRIBUTION WILL RESPOND TO CHANGING DISTRICT DEMOGRAPHICS (NEW FUNDS ARE REDISTRIBUTED THROUGH THE FORMULA EACH YEAR)

🗹 CHILD ACCOUNTING REPORTS NOW DRIVE REVENUE. DO NOT ALLOW THEM TO BE SUBMITTED WITHOUT YOUR REVIEW!!!
FORMULA COMPONENTS

SD ADMs
Acute Poverty Adjustment
Moderate Poverty Adjustment
Concentrated Poverty Adjustment
ELL Adjustment
Charter School Adjustment

Weighted Student Count
STEP 1: Weighted Student Count

- Total ADMs
- Students in Acute Poverty * 0.6
- Students in Poverty * 0.3
- Students with Limited English Proficiency * 0.6
- District’s Charter School Daily Membership * 0.2

Weighted Student Headcount = Total ADMs + (0.6 * Students in Acute Poverty) + (0.3 * Students in Poverty) + (0.6 * Students with Limited English Proficiency) + (0.2 * District’s Charter School Daily Membership)

STEP 2: District Adjustments

- Weighted Student Headcount
- Median Household Income Index
- Local Effort Capacity Index

Total District Share to Prorate = (Weighted Student Headcount + Sparsity Size Adjustment) * Median Household Income Index * Local Effort Capacity Index

ONLY ELL WAS UPDATED FOR THIS 2016-2017; BECAUSE OF THAT, NOT MUCH VARIATION IN DISTRICT DISTRIBUTION

GOING FORWARD, THE IMPACT OF CHANGING DEMOGRAPHICS WILL BE GREATER

DURING 2016-2017 PDE ADJUSTED THE ALLOCATION BASED ON THE “MOST RECENT INFORMATION AVAILABLE” – ALLOCATIONS CHANGED MID-YEAR – AN ADDITIONAL $200,000 TO THE READING SCHOOL DISTRICT
<table>
<thead>
<tr>
<th>Year</th>
<th>BEF</th>
<th>RTL</th>
<th>SEF</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016/2017 Allocation</td>
<td>131,350,779</td>
<td>4,785,693</td>
<td>10,339,183</td>
</tr>
<tr>
<td>2017/2018 Allocation</td>
<td>135,241,301</td>
<td>4,785,693</td>
<td>10,722,599</td>
</tr>
<tr>
<td>Increase - $</td>
<td>-4,273,938</td>
<td>383,416</td>
<td></td>
</tr>
<tr>
<td>Increase - %</td>
<td>2.96%</td>
<td>0.00%</td>
<td>3.71%</td>
</tr>
<tr>
<td>Total Increase</td>
<td>4,273,938</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less Transportation</td>
<td>(127,401)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Increase</td>
<td>4,146,537</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
BUDGET HIGHLIGHTS

REVENUES

• 2% INCREASE IN REAL ESTATE TAX – ASSESSMENT INCREASES
• 12% INCREASE IN EARNED INCOME TAX COLLECTIONS
• PROJECTED INCREASES IN E-RATE REIMBURSEMENT
• 8% INCREASE IN BASIC EDUCATION FUNDING
• 8.6% DECREASE IN TRANSPORTATION SUBSIDY
# Allocation of Revenue Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>2016-2017</th>
<th>2017-2018</th>
<th>Inc (Dec)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>State</td>
<td>175,625,377</td>
<td>190,710,299</td>
<td>15,084,922</td>
<td>8.59%</td>
</tr>
<tr>
<td>Local</td>
<td>42,624,031</td>
<td>45,429,791</td>
<td>2,805,760</td>
<td>6.58%</td>
</tr>
<tr>
<td>Federal</td>
<td>18,793,736</td>
<td>18,793,736</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Assigned FB</td>
<td>-</td>
<td>1,120,000</td>
<td>1,120,000</td>
<td>0.00%</td>
</tr>
<tr>
<td>Unassigned FB</td>
<td>1,534,349</td>
<td>3,631,109</td>
<td>2,096,760</td>
<td>136.65%</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>238,577,493</td>
<td>259,684,935</td>
<td>21,107,442</td>
<td>8.85%</td>
</tr>
</tbody>
</table>

FB - fund balance
ALLOCATION OF REVENUE SOURCES

READING SCHOOL DISTRICT
REVENUE BY SOURCES

<table>
<thead>
<tr>
<th>Source</th>
<th>2016-2017</th>
<th>2017-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>STATE</td>
<td>175,625,377</td>
<td>190,710,299</td>
</tr>
<tr>
<td>LOCAL</td>
<td>44,158,380</td>
<td>45,429,791</td>
</tr>
<tr>
<td>FEDERAL</td>
<td>18,793,736</td>
<td>18,793,736</td>
</tr>
</tbody>
</table>
ALLOCATION OF REVENUE BY PERCENT

2016-2017:
- State: 74%
- Local: 18%
- Federal: 8%

2017-2018:
- State: 75%
- Local: 18%
- Federal: 7%
EXPENDITURES

- Assumes full compliment of staff – over 100 open positions
- Additional 45 staff members added at RSHS and RIHS
- Assumes increase in salaries & wages – 6 of 8 CBA/ASSOC. settled
- Assumes 8% increase in healthcare trend rate
- Accounts for 8.5% increase in PSERS from 30.03% to 32.57%
- Assumes 1.5% increase in inflation rates for other expenditures
- Over $500K in life & safety repairs across various buildings
## Allocation of Expenditures

<table>
<thead>
<tr>
<th>Use of Funds</th>
<th>2016-2017</th>
<th>2017-2018</th>
<th>Inc (Dec)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>147,133,182</td>
<td>157,856,608</td>
<td>10,723,426</td>
</tr>
<tr>
<td>Instructional Support Services</td>
<td>71,083,002</td>
<td>73,118,040</td>
<td>2,035,038</td>
</tr>
<tr>
<td>Non-Instructional Services</td>
<td>3,341,815</td>
<td>3,123,313</td>
<td>(218,502)</td>
</tr>
<tr>
<td>Debt Service</td>
<td>17,019,494</td>
<td>25,586,973</td>
<td>8,567,479</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>238,577,493</strong></td>
<td><strong>259,684,934</strong></td>
<td><strong>21,107,441</strong></td>
</tr>
</tbody>
</table>
## Allocation of Expenditures

<table>
<thead>
<tr>
<th>Use of Funds</th>
<th>Budget 2016-2017</th>
<th>Budget 2017-2018</th>
<th>Inc (Dec)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>89,234,970</td>
<td>95,853,460</td>
<td>6,618,490</td>
<td>7.42%</td>
</tr>
<tr>
<td>Benefits</td>
<td>70,548,180</td>
<td>75,010,995</td>
<td>4,462,815</td>
<td>6.33%</td>
</tr>
<tr>
<td>Professional Services</td>
<td>12,832,231</td>
<td>12,941,241</td>
<td>109,010</td>
<td>0.85%</td>
</tr>
<tr>
<td>Property Services</td>
<td>4,294,309</td>
<td>4,722,256</td>
<td>427,947</td>
<td>9.97%</td>
</tr>
<tr>
<td>Other Purchased Services</td>
<td>30,956,676</td>
<td>32,193,169</td>
<td>1,236,493</td>
<td>3.99%</td>
</tr>
<tr>
<td>Supplies</td>
<td>11,299,040</td>
<td>11,508,490</td>
<td>209,450</td>
<td>1.85%</td>
</tr>
<tr>
<td>Property</td>
<td>1,305,052</td>
<td>1,003,449</td>
<td>(301,603)</td>
<td>-23.11%</td>
</tr>
<tr>
<td>Other Objects (Interest)</td>
<td>13,469,423</td>
<td>13,136,876</td>
<td>(332,547)</td>
<td>-2.47%</td>
</tr>
<tr>
<td>Other Financial Uses (Principal)</td>
<td>4,547,613</td>
<td>13,315,000</td>
<td>8,767,387</td>
<td>192.79%</td>
</tr>
<tr>
<td>Total</td>
<td>238,487,494</td>
<td>259,684,935</td>
<td>21,197,441</td>
<td>8.89%</td>
</tr>
</tbody>
</table>

**Budget Inc (Dec)**
STATUS OF FUND BALANCE

Fund Balance Trend

Series1  Series2

ASSIGNMENT OF FUND BALANCE

- INFRASTRUCTURE: $10M
- HEALTHCARE: $7M
- CURRICULUM ENHANCEMENTS: $2M
- PSERS STABILIZATION: $3M
- FEASIBILITY PLANNING: $6M
- UNASSIGNED: $19M
- TOTAL PROJECTED FUND BALANCE: $47M
CONTINUE TO WORK WITH DEPARTMENTS TO FINALIZE BUDGETS

OBTAIN FEDERAL REVENUE UPDATE FROM PAFPC CONFERENCE – MAY 8

PRESENT FINAL PROPOSED BUDGET AT C.O.W. ON MAY 17

BUDGET WILL BE ON PUBLIC DISPLAY FOR 30 DAYS – VIA WEBSITE

APPROVE FINAL PROPOSED BUDGET AT JUNE 28 BOARD MEETING
Questions
One vision. All students. One reading.