

2018-2019
BUDGET
WORKSHOP

READING

SCHOOL DISTRICT

MAY 7, 2018

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.



2018-2019 Federal Programs



2018-2019 State Budget



**PDE Basic Education Funding &
Impact on Reading School District**



2018-2019 RSD Budget



Questions



**Areas
of Focus**

2017-2018
**BUDGET
WORKSHOP**

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2018-2019 Federal Programs

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FEDERAL PROGRAMS OVERVIEW



PROGRAM DESCRIPTIONS

- TITLE I – ECONOMICALLY DISADVANTAGED YOUTH
 - SUPPLEMENTAL SERVICES TO STUDENTS DEMONSTRATING ECONOMIC AND ACADEMIC NEED
- TITLE II – IMPROVING TEACHER QUALITY
 - CLASS SIZE REDUCTION OR PROFESSIONAL DEVELOPMENT
- TITLE III – ENGLISH LANGUAGE ACQUISITION
 - SUPPLEMENTAL SERVICES TO STUDENTS IDENTIFIED AS ENGLISH LANGUAGE LEARNERS
- TITLE IV – STUDENT SUPPORT AND ACADEMIC ENRICHMENT
 - 20% WELL ROUNDED EDUCATION / 20% SAFE AND SUPPORTIVE SCHOOLS / EFFECTIVE USE OF TECHNOLOGY

STATUS OF FEDERAL FUNDS FOR 2018-2019



PERCENT OF CHANGE FROM 2017-2018 LEVELS

- TITLE I – GRANTS TO LEAS: +1.42%
 - PA ALLOCATION INCREASED BY \$20 MILLION
- TITLE II – IMPROVING TEACHER QUALITY: -3.29%
- TITLE III – ENGLISH LANGUAGE ACQUISITION: -2.80%
- TITLE IV – SSEA: +185%
 - PA ALLOCATION INCREASES TO \$43,148,678 FROM \$15,128,493

STATUS OF FEDERAL FUNDS FOR 2018-2019

- ALLOCATIONS HAVE NOT BEEN MADE AVAILABLE
 - PDE HAS NOT RECEIVED PRELIMINARY ALLOCATION DATA
 - TITLE I ALLOCATION TO BE RELEASED AROUND MEMORIAL DAY
 - OTHERS EXPECTED MID-JUNE
- HOLD HARMLESS PROVISION FOR TITLE I
 - FORMULA CHILDREN $\geq 30\%$, LEA MUST RECEIVE 95% OF PY STATE DETERMINED TITLE I ALLOCATION

ALLOCATION TO READING SCHOOL DISTRICT

Federal Funds	2017/2018 Allocation	Hold Harmless Rate	2018/2019 Allocation	2017/2018 Carryover	2018/2019 Total
Title I	14,620,337	95%	13,889,320	2,034,604	15,923,924
Title II - A	1,432,440	95%	1,360,818	-	1,360,818
Title III - LEP & Immigrant	971,391	95%	922,821	-	922,821
Title IV - A	327,883	95%	311,489	-	311,489
21CCLC	400,000	100%	400,000	-	400,000
Total Title IV	727,883		711,489	-	711,489
Totals	<u>17,752,051</u>		<u>16,884,448</u>	<u>2,034,604</u>	<u>18,919,053</u>

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2018-2019 State Budget

PROPOSED STATE BUDGET

- \$32.987 BILLION SPEND FOR 2018-2019
- PROPOSED EDUCATION BUDGET OF \$12.8 BILLION
 - \$100 MILLION INCREASE FOR BEF - \$538 MILLION IN FORMULA
 - \$20 MILLION INCREASE FOR SEF - \$107 MILLION IN FORMULA
 - LEVEL-FUNDED READY TO LEARN GRANT
 - \$40 MILLION FOR PRE-K COUNTS & HEAD START
 - \$50 MILLION CAREER & TECHNICAL EDUCATION

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND
Basic Education Funding
\$ 100,000 —Initiative—to continue sustained investment in school district basic education programs.

Pre-K Counts
\$ 30,000 —Initiative—to invest in high-quality early childhood education for 3- and 4-year-olds.

Head Start Supplemental Assistance
\$ 10,000 —Initiative—to invest in high-quality early childhood education for 3- and 4-year-olds.

Mobile Science and Math Education Programs
\$ -3,964 —program elimination.

Adult and Family Literacy
\$ -400 —funding reduction.

Career and Technical Education
\$ 50,000 —Initiative—to develop CTE career pathways, promote business-education partnerships, and encourage STEM computer science and related education.

Authority Rentals and Sinking Fund Requirements
\$ 111,203 —to provide reimbursement for school construction and charter leases.

Special Education
\$ 20,000 —Initiative—to provide increased resources for school district special education instruction.

Early Intervention
\$ 11,622 —to continue current program.

Tuition for Orphans and Children Placed in Private Homes
\$ 1,440 —to continue current program based on historical program utilization.

Payments in Lieu of Taxes
\$ 1 —to continue current program.

PA Chartered Schools for the Deaf and Blind
\$ 2,149 —to continue current program.

Special Education - Approved Private Schools
\$ 3,079 —to continue current program.

School Employees' Social Security
\$ 24,805 —to continue current program.

School Employees' Retirement
\$ 263,000 —to continue current program.

Job Training and Education Programs
\$ -19,175 —program elimination.

All other appropriations are recommended at the current year funding levels.

MOTOR LICENSE FUND

Safe Driving Course

The Safe Driving Course appropriation is recommended at the current year funding level.

REVENUE PROBLEMS

- SIGNIFICANT REVENUE UNCERTAINTY FOR REST OF YEAR:
 - NET OPERATING LOSS CAP: \$215 MILLION – HOW MUCH WAS RECEIVED?
 - GAMING EXPANSION: RECEIVED \$92 MILLION – MORE LICENSES AVAILABLE
- DISAGREEMENT ON HOW TO FUND THE BUDGET:
 - GAMING EXPANSION – HOW MUCH MORE CAN BE RAISED?
 - GROSS RECEIPTS ON NATURAL GAS – ESTIMATED \$248.7 MILLION
 - NO BROAD BASED TAX INCREASE

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PDE Basic Education Funding

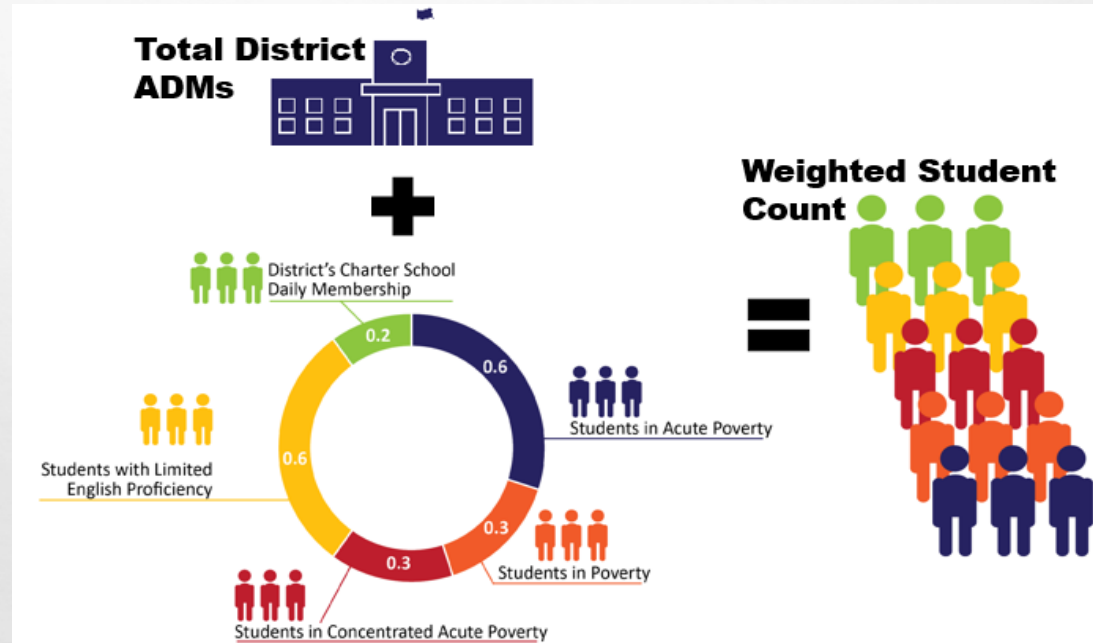
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BASIC EDUCATION FUNDING FORMULA

- 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

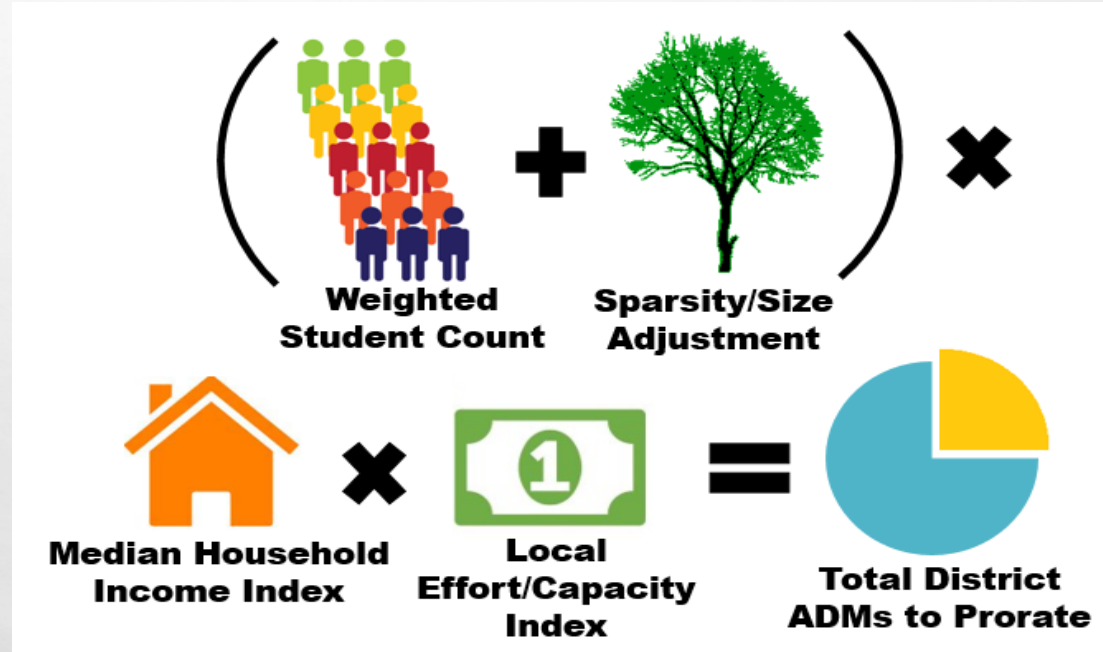
FORMULA COMPONENTS

- BEF FORMULA: PART 1
- DISTRICT ADM – 3 YEAR AVERAGE
- ACUTE POVERTY – STUDENTS LIVING BELOW THE POVERTY LINE
- CONCENTRATED POVERTY – APPLIES WHEN >30% OF STUDENTS ARE IN ACUTE POVERTY
- MODERATE POVERTY – STUDENTS LIVING BETWEEN 100% AND 185% OF POVERTY
- ESL AND CHARTER SCHOOL ADM



FORMULA COMPONENTS

- BEF FORMULA: PART 2
- MEDIUM HOUSEHOLD INCOME USES 2016 CENSUS DATA
- LOCAL EFFORT – USES TOTAL TAX RELATED REVENUE, MHI AND NUMBER OF HOUSEHOLD, COMPARED TO STATE MEDIAN – ADJUSTMENTS ARE MADE BASED ON SCHOOL DISTRICT'S CURRENT EXPENDITURES/ADM
- LOCAL EFFORT – MEASURES A DISTRICT'S ABILITY TO GENERATE LOCAL TAX-RELATED REVENUE PER STUDENT – PROVIDED ADJUSTMENT ONLY IF A DISTRICT LOCAL CAPACITY PER STUDENT IS LESS THAT THE STATE MEDIAN



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Impact to Reading School District

ALLOCATION TO READING SCHOOL DISTRICT

	BEF	RTL	SEF	
2017/2018 Allocation	134,972,379	4,785,693	11,178,020	
2018/2019 Allocation	139,406,839	4,785,693	11,573,190	
Increase - \$	4,434,460	-	395,170	
Increase - %	3.29%	0.00%	3.54%	
		Total Increase	<u>4,829,630</u>	

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2018-2019 RSD Budget

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BUDGET HIGHLIGHTS

REVENUES

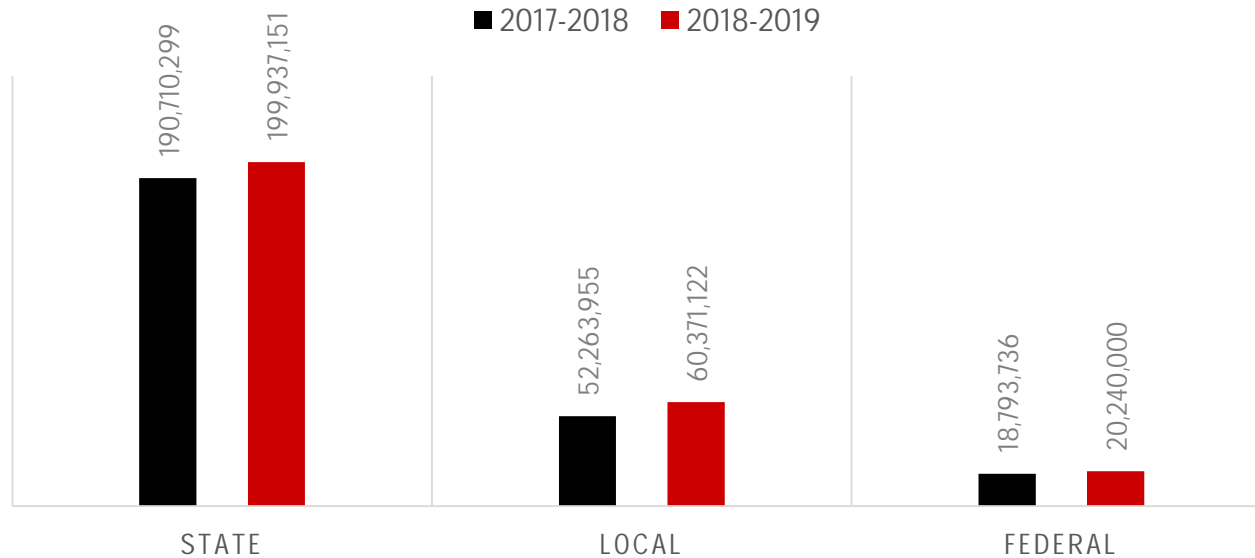
- 4.0% INCREASE IN REAL ESTATE TAX – ASSESSMENT INCREASES
- 5.4% INCREASE IN EARNED INCOME TAX COLLECTIONS
- 3.3% INCREASE IN BASIC EDUCATION FUNDING
- 3.5% INCREASE IN SPECIAL EDUCATION FUNDING
- 7.7% INCREASE IN FEDERAL FUNDS

ALLOCATION OF REVENUE SOURCES

Source	Budget		Inc (Dec)	
	2017-2018	2018-2019	\$	%
State	190,710,299	199,937,151	9,226,852	4.84%
Local	45,771,556	47,845,000	2,073,444	4.53%
Federal	18,793,736	20,240,000	1,446,264	7.70%
Assigned FB	2,670,000	8,116,796	5,446,796	0.00%
Unassigned FB	3,822,399	4,409,326	586,927	15.35%
Total Revenues	<u>261,767,990</u>	<u>280,548,273</u>	<u>18,780,283</u>	<u>7.17%</u>

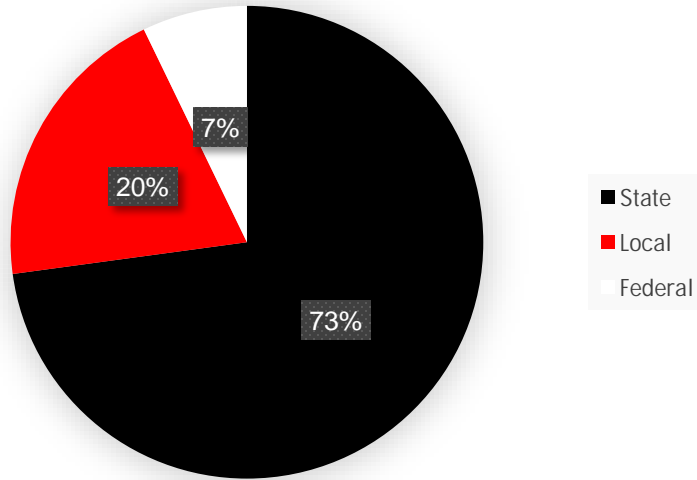
ALLOCATION OF REVENUE SOURCES

READING SCHOOL DISTRICT REVENUE BY SOURCES

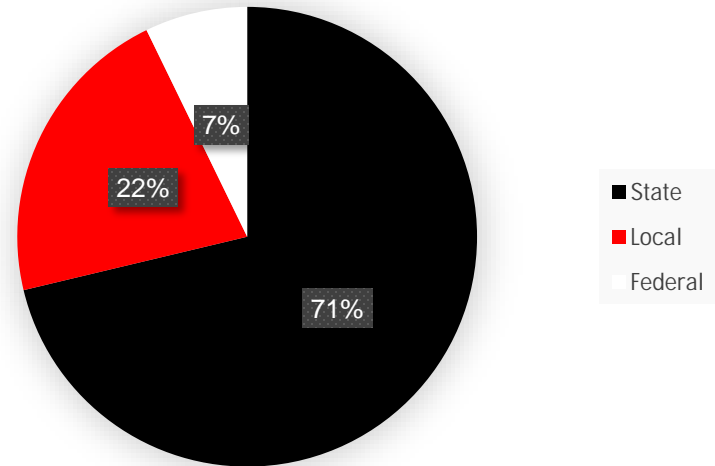


ALLOCATION OF REVENUE BY PERCENT

2017-2018



2018-2019



BUDGET HIGHLIGHTS

➤ EXPENDITURES

- ASSUMES FULL COMPLIMENT OF STAFF – OVER 125 OPEN POSITIONS
- NEW STAFF MEMBERS THROUGHOUT VARIOUS BUILDINGS/DEPARTMENTS
 - TEACHING SUPPORT AT EACH SCHOOL
 - STAFFING AT GLENSIDE ACADEMY
- ASSUMES INCREASE IN SALARIES & WAGES – PER CBA/ASSOC.
- ASSUMES 8% INCREASE IN HEALTHCARE TREND RATE
- ACCOUNTS FOR 2.6% INCREASE IN PSERS FROM 32.57% TO 33.43%
- ASSUMES 1.5% INCREASE IN INFLATION RATES FOR OTHER EXPENDITURES

BUDGET HIGHLIGHTS

➤ CAPITAL EXPENDITURES TOTALING APPROXIMATELY \$8.2 MILLION

➤ PREVIOUSLY APPROVED

- RHS RENOVATION PROJECT PHASE II
- 10G, 13G, 13U, 10P – CHILLER PROJECT
- RHS CAMERA PROJECT
- GLENSIDE ES FIRE ALARM
- 10P ES WINDOW REPLACEMENT

➤ PROJECTS FORTHCOMING

- RIHS HVAC CONTROLS
- MS & ES CAMERA PROJECTS

ALLOCATION OF EXPENDITURES

Use of Funds	Budget		Inc (Dec)	
	2017-2018	2018-2019	\$	%
Instruction	158,150,222	167,970,600	9,820,378	6.21%
Instructional Support Services	74,907,655	78,922,587	4,014,932	5.36%
Non-Instructional Services	3,123,141	3,324,802	201,662	6.46%
Debt Service	25,586,973	24,063,488	(1,523,485)	-5.95%
Other	-	6,266,796	6,266,796	0.00%
Total	<u>261,767,990</u>	<u>280,548,272</u>	<u>18,780,282</u>	<u>7.17%</u>

ALLOCATION OF EXPENDITURES

Use of Funds	Budget		Inc (Dec)	
	2017-2018	2018-2019	\$	%
Salaries	95,202,577	102,979,951	7,777,374	8.17%
Benefits	74,649,390	77,386,630	2,737,240	3.67%
Professional Services	14,546,905	13,256,794	(1,290,111)	-8.87%
Property Services	4,931,025	8,857,226	3,926,201	79.62%
Other Purchased Services	32,027,167	35,566,413	3,539,246	11.05%
Supplies	11,359,875	14,464,599	3,104,723	27.33%
Property	967,749	2,945,655	1,977,906	204.38%
Other Objects (Interest)	14,768,302	12,516,004	(2,252,298)	-15.25%
Other Financial Uses (Principal)	13,315,000	12,575,000	(740,000)	-5.56%
Total	<u>261,767,990</u>	<u>280,548,272</u>	<u>18,780,282</u>	<u>7.17%</u>

ASSIGNMENT OF FUND BALANCE – MAY 2018

➤ INFRASTRUCTURE:	\$21M
➤ HEALTHCARE:	\$7M
➤ CURRICULUM ENHANCEMENTS:	\$3M
➤ PSERS STABILIZATION:	\$3M
➤ FEASIBILITY PLANNING:	\$8M
➤ UNASSIGNED:	\$19M
➤ TOTAL PROJECTED FUND BALANCE:	\$61M

NEXT STEPS

- CONTINUE TO WORK WITH DEPARTMENTS TO FINALIZE BUDGETS
- OBTAIN FEDERAL REVENUE UPDATE FROM PDE ONCE RELEASED
- PRESENT FINAL PROPOSED BUDGET AT C.O.W. ON MAY 16
- APPROVE FINAL PROPOSED BUDGET AT BOARD MEETING ON MAY 23
- BUDGET WILL BE ON PUBLIC DISPLAY FOR 30 DAYS – VIA WEBSITE
- APPROVE FINAL BUDGET AT JUNE 27 BOARD MEETING

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Questions

One vision. All students. One reading.

