

# FIVE YEAR FORECAST *2015*



**READING  
SCHOOL DISTRICT**

**MAY 6, 2015**

# 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.





**Governor's Proposed Budget**



**Areas  
of Focus**



**Fair Funding Formula**



**Impact to Reading School District**



**Presentation of Five Year Forecast**



**Next Steps**

**FIVE YEAR  
FORECAST  
*2015***

FIVE YEAR  
FORECAST  
*2015*

# Governor Wolf's Plan

(as presented by PASBO)



# GOVERNOR WOLF'S BUDGET RESOURCES

- LIQUOR MODERNIZATION = PENSION OBLIGATION BOND
- PIT AND SALES TAX INCREASES = \$3.8 BILLION PROPERTY TAX RELIEF & \$426 MILLION RENT REBATES
- PIT AND SALES TAX INCREASES = ELIMINATION OF STATE'S \$1.5 - \$1.6 BILLION STRUCTURAL DEFICIT
- NATURAL GAS SEVERANCE TAX = PA EDUCATION REINVESTMENT ACT
- CYBER CHARTER & CHARTER SCHOOL REFORM = \$162 MILLION SCHOOL DISTRICT SAVINGS

# BASIC EDUCATION FUNDING AND READY TO LEARN BLOCK GRANT

- READY TO LEARN (RTL) BLOCK GRANT ELIMINATED AND ROLLED INTO BASIC EDUCATION FUNDING (BEF) LINE ITEM
- NET INCREASE IN GOVERNOR'S BUDGET OF \$410 MILLION IN BEF AFTER ACCOUNTING FOR RTL ELIMINATION

# BASIC EDUCATION FUNDING COMPONENTS

- RESTORE THE \$159 MILLION CUT TO THE ACCOUNTABILITY BLOCK GRANT THAT HAPPENED IN 2011-12
- RESTORE THE \$47 MILLION OF EDUCATION ASSISTANCE PROGRAM (TUTORING) THAT HAPPENED IN 2011-12
- OVER 160 DISTRICTS RECEIVE EAP RESTORATION
- PARTIAL CHARTER SCHOOL REIMBURSEMENT RESTORATION
- JUST OVER 10% OF 2013-14 CHARTER SCHOOL COSTS REIMBURSED AMOUNTING TO \$150 MILLION
- PARTIAL RESTORATION OF REMAINING BEF CUTS AMOUNTING TO \$54 MILLION

# BASIC EDUCATION INCREASE SUMMARY

- AVERAGE INCREASE IS 7.2%
- MEDIAN INCREASE IS 4.8%
- TWO LARGEST COMPONENTS OF THE INCREASE ARE ABG RESTORATION (2.8% INCREASE ON AVERAGE) AND CHARTER SCHOOL REIMBURSEMENT (2.6% INCREASE ON AVERAGE)

# SPECIAL EDUCATION FUNDING (SEF)

INCREASE OF \$100 MILLION (9.6%)

➤ THIRD HIGHEST % INCREASE OVER PAST 20 YEARS

- 11% INCREASE 98-99 (\$64 MILLION)
- 10% INCREASE IN 01-02 (\$72 MILLION)

TOTAL PROPOSED APPROPRIATION IS \$1.146 BILLION

# PROPOSED SEF INCREASE

\$96 MILLION INTO STUDENT-BASED FORMULA

\$1 MILLION INTO SE CONTINGENCY FUND

\$3 MILLION TO IUS

- 35% DISTRIBUTED EQUALLY TO ALL IUS
- 65% DISTRIBUTED BASED ON ADM OF SCHOOL DISTRICTS IN IU

# SEF DISTRIBUTION

- \$115.8 MILLION WILL BE DISTRIBUTED TO DISTRICTS THROUGH THE STUDENT-BASED FORMULA IN ACT 126 OF 2014
  - \$96 MILLION **NEW** DOLLARS FOR 2015-16
  - \$20 MILLION DOLLARS FROM **INCREASE IN 2014-15**
  
- \$1.026 BILLION WILL BE DISTRIBUTED IN SAME MANNER AS IN 2013-14 (HOLD HARMLESS)

# SEF FORMULA

## ACT 126: STUDENT-BASED FORMULA RECOMMENDED BY SPECIAL EDUCATION FUNDING COMMISSION

- RECOGNIZES THAT NOT EVERY DISTRICT HAS A 16% SPECIAL EDUCATION POPULATION
- DIRECTS ADDITIONAL RESOURCES TO DISTRICTS BASED ON THE NUMBER OF SPECIAL EDUCATION STUDENTS AND THE SEVERITY OF SPECIAL EDUCATION NEEDS OF THOSE STUDENTS
- MORE SPECIAL EDUCATION STUDENTS WITH HIGHER COST NEEDS=MORE RESOURCES



# SEF COST CATEGORIES

## THREE COST CATEGORIES FOR SPECIAL EDUCATION STUDENTS

- CATEGORY 1: STUDENTS COSTING <\$25,000
- CATEGORY 2: STUDENTS COSTING \$25,000-\$49,999
- CATEGORY 3: STUDENTS COSTING \$50,000 AND UP

# SEF CATEGORY WEIGHTS

APPROPRIATE WEIGHTS ARE APPLIED TO A DISTRICT'S  
TOTAL NUMBER OF STUDENTS IN EACH COST CATEGORY:

- CATEGORY 1 WEIGHT: 1.51
- CATEGORY 2 WEIGHT: 3.77
- CATEGORY 3 WEIGHT: 7.46

# CYBER CHARTER FUNDING REFORM

- SCHOOL DISTRICTS PAID \$421 MILLION TO CYBER CHARTERS IN 2013-14
- ESTABLISH STATEWIDE TUITION RATE \$5,950
  - BASED ON HIGH PERFORMING, HIGH COST IU PROGRAMS
  - 10% COST FACTOR ADDED
  - RATE WILL BE ADJUSTED ANNUALLY TO REFLECT INFLATION

# CYBER CHARTER FUNDING REFORM

➤ FOR CYBER CHARTER SPECIAL EDUCATION STUDENTS, FLAT RATE IS MARKED UP BASED UPON COST CATEGORY OF STUDENT.

- CATEGORY 1:  $\$5,950 + \$3,035 = \$8,985$
- CATEGORY 2:  $\$5,950 + \$16,482 = \$22,432$
- CATEGORY 3:  $\$5,950 + \$38,437 = \$44,387$

➤ BASED ON CHARTER SCHOOL ACT 16 REPORTING

# CHARTER & CYBER CHARTER REFORMS

- ANNUAL RECONCILIATION WHERE CHARTER AND CYBER CHARTER SCHOOLS MUST REFUND RESIDENT SCHOOL DISTRICTS IF CHARTER'S AUDITED EXPENDITURES ARE LESS THAN ITS TUITION REVENUE
- COMBINED SAVINGS TO SCHOOL DISTRICTS – 162 MILLION

# ACCOUNTABILITY FOR BEF

- DEVELOP A PLAN FOR SPENDING INCREASED DOLLARS
- SUBMIT PLAN TO PDE BY MAY 15, 2015
- PLAN APPROVED BY PDE BY JUNE 15
- DESCRIBE THE INTENDED USE OF THE FUNDS
- SHOW HOW THE FUNDS WILL INCREASE STUDENT SUCCESS
- 14 ELIGIBLE USES FOR PORTION OF INCREASE THAT EXCEEDS THE ACT 1 INDEX

## 1 4 PRESCRIBED USES OF FUNDING

1. High-quality early childhood programs, such as pre-kindergarten and full-day kindergarten
2. Additional instructional time for students by extending the school day and/or year
3. Summer learning programs
4. Professional development, curriculum, classroom materials and other strategies necessary to successfully implement high academic standards for all students and prepare students for college and careers
5. Smaller class size in the early elementary grades
6. Academic and other enrichment programs and courses, such as music, arts, world languages and library services
7. Community partnerships and wraparound programs that provide health and human services to students and their families, including trauma-informed education and positive behavioral support
8. Offering or partnering with an institution of higher education to make available advanced courses, including dual enrollment, that prepare students for college
9. Personalized help/interventions for struggling students
10. College and career counseling in middle and high schools
11. Career and technical education aligned with STEM and other high-demand and emerging occupations
12. Alternative school settings and programs
13. Hybrid/innovative learning options
14. Restoration of other cuts to programs and personnel that school districts were forced to make as a result of State budget cuts



## 9 BENCHMARKS FOR STUDENT PERFORMANCE AND PROGRESS

- PERCENT OF ADDITIONAL STUDENTS PROFICIENT/ADVANCED IN READING BY 3<sup>RD</sup> GRADE
- PERCENT OF ADDITIONAL STUDENTS GRADUATING HIGH SCHOOL ON TRACK FOR COLLEGE/CAREER SUCCESS
- IMPROVEMENTS IN GRADUATION/DROPOUT RATES
- IMPROVEMENTS IN ATTENDANCE/TRUANCY RATES
- REDUCING ACHIEVEMENT GAPS
- SUCCESSFUL PROGRAM COMPLETION FOR ELLS
- RATES OF MATRICULATION TO COLLEGE, JOB TRAINING PROGRAMS
- RATES OF RETENTION/SUCCESSFUL COMPLETION OF COLLEGE, JOB TRAINING PROGRAMS
- EMPLOYMENT RATES/WAGES FOR GRADUATES



# IU/SCHOOL DISTRICT SAVINGS CHALLENGE

- REDUCE COSTS OF “ADMINISTRATIVE STAFF, BACK-OFFICE OPERATIONS, TRANSPORTATION AND OTHER CENTRAL OFFICE COSTS.”
- FOCUS ON SHARED SERVICES AND JOINT-PURCHASING
- CHALLENGE SCHOOL DISTRICTS AND IUS TO ACHIEVE \$150 MILLION IN ADDITIONAL SAVINGS THROUGH SHARED SERVICES AND OTHER EFFICIENCY STRATEGIES

FIVE YEAR  
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# Basic Education Fair Funding

# BASIC EDUCATION FUNDING FORMULA

- Three major players
  - Basic Education Funding Commission
  - The Campaign for Fair Education Funding
  - PASBO



# BASIC EDUCATION FUNDING COMMISSION

# BASIC EDUCATION FUNDING COMMISSION

- LEGISLATIVE COMMISSION AUTHORIZED BY ACT 51 OF 2014
- MADE UP OF 12 LEGISLATORS AND 3 ADMINISTRATION OFFICIALS
- MUST ISSUE A REPORT AND RECOMMENDATIONS FOR A NEW BASIC EDUCATION FUNDING FORMULA BY JUNE 10, 2015

# BASIC EDUCATION FUNDING COMMISSION

## COMMISSION CHARGES:

- REVIEW AND MAKE RECOMMENDATIONS ON THE DEVELOPMENT OF A NEW BEF FORMULA AND IDENTIFY THE FACTORS TO BE USED TO DETERMINE THE DISTRIBUTION OF BEF AMONG SCHOOL DISTRICTS
- CONSIDER THE IMPACT OF ELIMINATING HOLD HARMLESS



# CAMPAIGN FOR FAIR EDUCATION FUNDING FORMULA PROPOSAL

# COST OF PROPOSAL

## TOTAL STATE BUDGET IMPACT OF ADEQUACY & EQUITY:

ADEQUACY AMOUNT: \$ 15.17 BILLION

STATE SHARE: \$ 9.047 BILLION

LOCAL SHARE: \$ 6.123 BILLION

STATE SHARE OF ADEQUACY AMOUNT: \$ 9.047 BILLION

CHARTER COMPONENT: \$ 0.229 BILLION

MINIMUM INCREASE: \$ 0.048 BILLION

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PROPOSED BEF: \$ 9.326 BILLION



# IMPACT

PROPOSED BEF:	\$ 9.326 BILLION
<u>2014-15 BEF+READY TO LEARN:</u>	<u>\$ 5.715 BILLION</u>
PROPOSED INCREASE:	\$ 3.611 BILLION

CAMPAIGN PROPOSES 6 – 8 YEAR “PHASE IN”

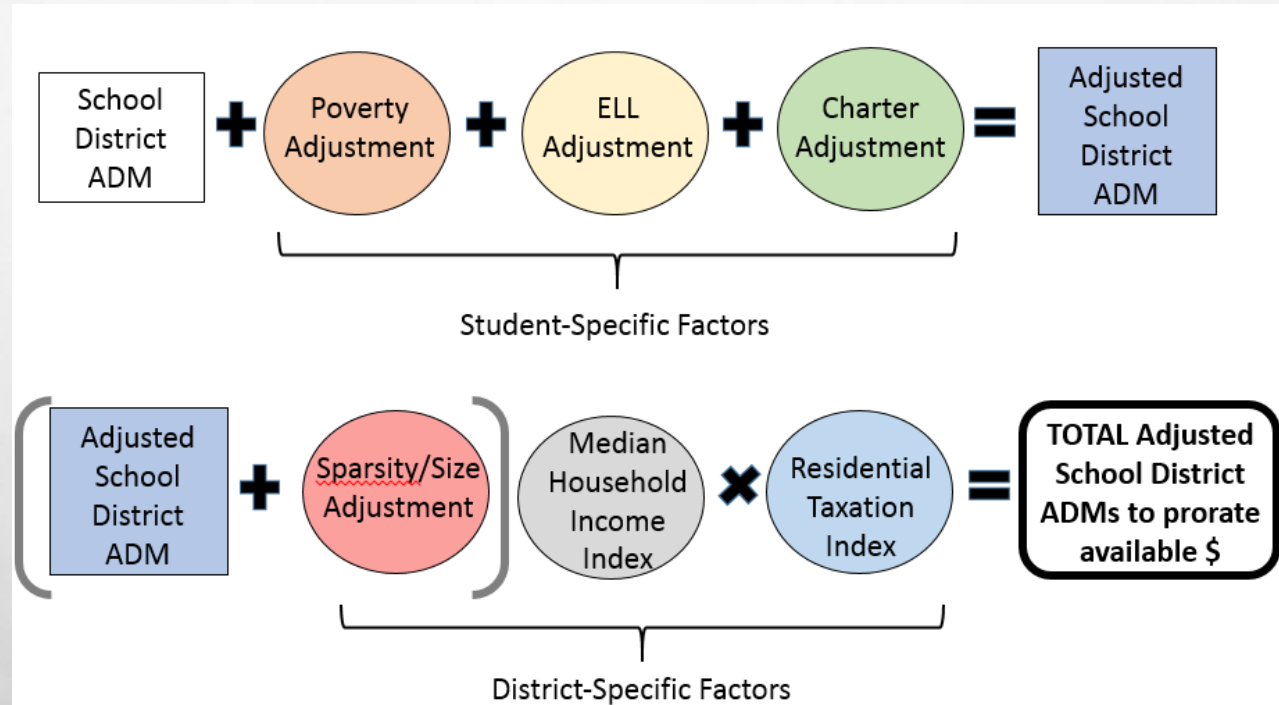


PASBO

# PASBO BASIC EDUCATION FUNDING FORMULA PROPOSAL

- DEVELOPED WITH THE PASBO BENCHMARKING  
COMMITTEE
- PRESENTED TO THE BASIC EDUCATION FUNDING  
COMMISSION

# PASBO PROPOSAL FRAMEWORK



# POVERTY ADJUSTMENT

## CURRENT MEASURES:

- FREE/REDUCED LUNCH
- ECONOMICALLY DISADVANTAGED STUDENTS

## PROPOSED MEASURES:

- CENSUS POVERTY

# OTHER STUDENT-SPECIFIC ADJUSTMENTS

## ENGLISH LANGUAGE LEARNERS

- APPROXIMATELY 50,000 ELLS
- DATA REPORTED THROUGH PIMS

## CHARTER SCHOOL ENROLLMENT

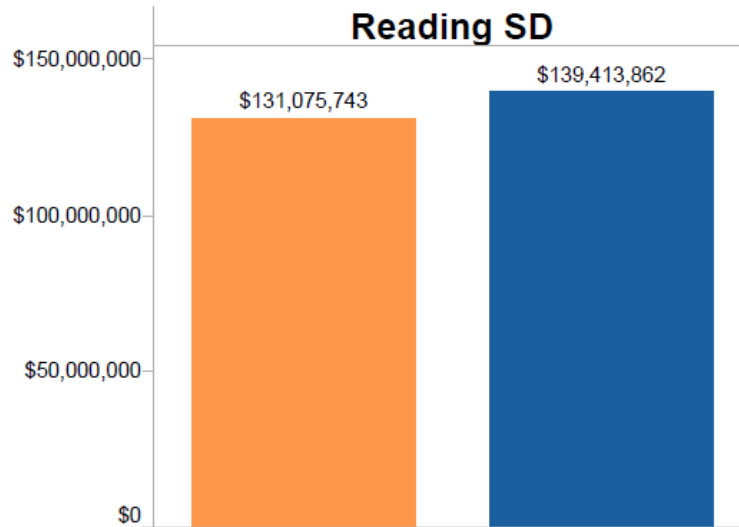
- APPROXIMATELY 130,000 CHARTER STUDENTS
- DATA REPORTED TO PDE

FIVE YEAR  
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# Impact to Reading School District

# SUMMARY ALLOCATION

## PER SCHOOLSTHATTEACH.COM



### 2014-15 Estimated Funding

2014-15 Estimated Basic Education Funding	\$121,434,098
2014-15 Estimated Special Education Funding	\$9,641,645
2014-15 Combined Basic and Special Ed Funding	\$131,075,743

### 2015-16 Proposed School Funding Increase

\$8,338,119

### Proposed Property Tax Relief

\$21,351,499

135.99%

Estimated Residential Real Estate Tax Reduction Percentage

### Estimated Savings from Cyber Charter Funding Reform

\$1,511,963

### 2015-16 Proposed Funding

2015-16 Proposed Basic Education Funding	\$127,810,634
2015-16 Proposed Special Education Funding	\$11,603,228
2015-16 Combined Basic and Special Ed Funding	\$139,413,862



# GOVERNOR'S PROPOSED BUDGET ALLOCATION TO READING SCHOOL DISTRICT

Current Basic Education Funding	\$	117,615,435
Current Ready to Learn Grant		3,818,663
Base Basic Education Funding Allocation	\$	121,434,098
Accountability Block Grant Restoration		3,050,193
Education Assistance Program Restoration		1,419,337
Charter School Reimbursement		1,049,773
Additional Basic Education Restoration		857,233
	\$	127,810,634
Total Increase	\$	6,376,536
Percentage Increase		5.25%

# GOVERNOR'S PROPOSED BUDGET ALLOCATION TO READING SCHOOL DISTRICT

Current Special Education Funding		\$ 9,641,645
Proposed Increase in SEF		1,961,583
		\$ 11,603,228
Percentage Increase		20.34%

# SUMMARY ALLOCATION PER TAXPAYERSTHATPAY.COM

Net Impact of Governor Wolf's Plan to Resident Taxpayers:

**\$8,044,115**

New Sales Tax & New Personal Income Tax Paid by Resident Taxpayers:

**\$19,313,248**

Property Tax/Rent Relief Returned to Resident Taxpayers Under Gov. Wolf's Plan:

**\$27,357,362**



Current Slots Money for Property Tax Relief\*: **\$3,671,036**

\*The Wolf proposed property tax relief listed above does not include property tax relief already received from current Slots money.

Antietam SD	(\$156,892)
Boyertown Area SD	(\$11,646,106)
Brandywine Heights Area SD	(\$2,670,726)
Conrad Weiser Area SD	(\$2,828,615)
Daniel Boone Area SD	(\$1,895,762)
Exeter Township SD	(\$3,397,019)
Fleetwood Area SD	(\$1,441,656)
Governor Mifflin SD	(\$8,018,688)
Hamburg Area SD	(\$1,694,423)
Kutztown Area SD	(\$3,766,278)
Muhlenberg SD	(\$252,984)
Oley Valley SD	(\$4,105,322)
Reading SD	<b>\$8,044,115</b>
Schuylkill Valley SD	(\$2,652,991)
Tulpehocken Area SD	(\$1,886,332)
Twin Valley SD	(\$5,265,009)
Wilson SD	(\$8,495,929)
Wyomissing Area SD	(\$7,747,186)

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# Presentation of Five Year Forecast

FIVE YEAR  
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# Next Steps

*One Vision....All Students*



**READING**  
**SCHOOL DISTRICT**

*One Reading*