

\$ Revenue Review \$

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This newsletter is being compiled to help keep you informed of district revenue issues. It will contain summaries of funding sources that the district has been awarded as well as those in progress. Projects such as these can have a significant impact on the district's finances and its instructional opportunities. These projects also require a great deal of time and energy on the part of staff in both the treasurer's office and the curriculum department. For this reason, this review will include projects approved; projects in the planning stages and projects that are submitted. PLSD does not qualify for many state and federal competitive grants because it does not have enough students on free and reduced lunch, and it is not in school improvement status. For this reason, staff will continue to seek additional funding through corporate and foundation grants.

The economic picture has been very unclear and turbulent. Everyday an economist is predicting something different. The unpredictability of revenue streams in the last year has been very difficult. We continue to look at this picture in a very conservative manner.

REVENUE EXPECTATIONS

Spring is always the time of year when the future of revenues becomes increasingly uncertain. This is especially true in years when the state is proposing its new biennial budget. This spring is no exception, but here are some highlights, as we know them at this time. Please keep in mind that they can change significantly over the next few months.

Historical Perspective: Why Predicting School Funding is Difficult

One of the components of the state school funding formula is the Cost of Doing Business Factor. This factor recognizes that it costs more to operate a

business, or in this case a school, in one part of the state than it does in another. That factor increases the state basic aid amount to compensate for the larger cost of doing business. In 1995, the 122nd General Assembly recognized that the range of cost was much higher than 7.4%. It was actually closer to 40%. They could not afford to go that high, but did enact legislation that increased the CODBF from 7.5% to 18% to be phased-in over 10 years. That phase-in lasted six years, reaching 13.8%. In fiscal year 2002 the state dropped the CODBF back to 7.5%. They are now proposing in his next biennial budget to eliminate the CODBF entirely. The cost of doing business for Fairfield County is 3.6%.

Parity aid is another component of the state school funding formula.

In 2002, the legislature was finally convinced that certain school districts had more difficulty raising their local share of school funding because of the size of their local tax base. Parity aid was additional compensation to nearly a third of the districts in Ohio to help with this problem. The State could not afford to pay for the full amount required so this payment was also scheduled to be phased in over five years, with 20% paid in 2002, 40% in 2003, 60% in 2004, 80% in 2005, and 100% in 2006 and thereafter. Once again, promises were not kept and the phase-in was cut to 58% in 2004 and 76% in 2005. The state is now proposing in his next biennial

budget to change the phase-in to 80% in 2006 and 85% in 2007.

The basic state aid per pupil has traditionally been established by a process known as residual funding.

The legislature would cover all of its other obligations and what was left would go to education. The number crunchers would work backwards to determine what the amount per pupil would be. Thus, the per-pupil funding would bear absolutely no relationship to what it costs to educate a child. School officials had no idea what to expect in funding from one biennium to the next and lobbied for some consistency. In the biennial budget prior to the one we are currently in, the state established that basic aid would increase by 2.8% per year in that biennium. The 2.8% was to cover inflation. In the current biennium, the 2.8% proved to be too costly, so it was decreased to 2.2%. In the next biennium, the state is proposing to increase the basic aid number by 3.1% in the first year and 3.0% in the second. However, by eliminating the cost of doing business factor, many schools, particularly those in high cost areas, will actually receive less state aid in the next two years.

Other promises

Schools used to get a textbook subsidy. It's gone. Districts used to get a school bus subsidy. It's being phased out. Districts have never received the state's full share of special education cost. The

state pays only 90% of its share. Districts have to pick up the rest of the cost.

The state says schools will be protected for an extended time for the loss of equipment and inventory taxes. Extended time means that the protection will be phased out as other property values grow and the protection will eventually disappear altogether. The property value that will grow over time is primarily residential and agricultural property. *The tax burden is being shifted to the local homeowner.* How long the protection lasts also depends on how long the legislature decides to honor their commitment. As districts have seen in the past, phase-ins and phase-outs have a tendency to change.

AT THE LOCAL LEVEL

Revenue Enhancements

The income tax is showing strong growth both statewide and in Pickerington. Approximately a year ago when the district's school income tax seem to falter because of economic circumstances, the administration decided to visit the Department of Taxation. The reason for this visit was to look at PLSD income tax numbers and also to look at delinquencies, collections and look at efficiencies. After many discussions with the Department of Taxation, they decided to use the Fairfield County (GIS)

Geographical Information System files. We would like to thank Fairfield County and the Department of Taxation. We believe this system has enhanced our collection of the income tax.

In FY04 the state decided they would no longer give us interest earnings on our income tax collection. This hurt our interest earnings in FY04. After many talks with state representatives and others, our interest earnings on income tax were restored in FY05. This, combined with the Federal Reserve's monetary policy of measured increases, has helped our interest earnings bottom line.

AT THE STATE LEVEL

The governor has proposed a budget that would reduce Ohioan's state income-tax rates by 21% across the board and revamp business taxes. These changes are part of the governor's proposed \$51.3 billion state budget, due for a House vote in early April. House Bill 66 is the state's budget bill.

The legislature faces decisions about educational funding for the next two years at the same time that it is facing a \$210 million school-funding gap for the current fiscal year.

The \$210 million shortfall is the result of an overestimate of property tax increases and a 7400 student underestimate in enrollment. The student enrollment

increase is being blamed largely on higher enrollment in charter schools. This enrollment increase appears to be due largely to a shift from private-school enrollments coupled with increases in home-schooled students enrolling in on-line charter schools.

THE \$210 million shortfall may affect the district in the current year depending on how the state decides to handle the shortfall. Two years ago they cut P.L.S.D.'s budget by \$400,000 at the end of the fiscal year. There have now been talks about the possibility of deferring the last foundation payment into next fiscal year.

The other main concern includes possible amendments to limit government spending at the state level and what possible effect this will have upon future years. Again, this would in effect push back taxes to the local level.

The proposed state budget would increase the base formula by 3.1% in FY06 and 3.0% in FY07. ***However, three major items negatively impact any proposed increase.*** One is the elimination of the cost of doing business factor. A second is the increase of the local share of charge-off estimated at 4.9% increase in FY06 and 5.6% in FY07. A third is the phasing out of tax revenue from inventory, machinery and equipment in the personal tangible tax category.

Additionally, the proposed budget includes line items for professional development, intervention and data-based decision making training. However, in conversations with personnel at the ODE it appears likely that these increases will be offset with decreases in present state grants for all or part of these items.

While you may have read articles about Pickerington Schools getting much more state funding from the governor's proposed budget, this is not entirely true. It is true that the district will get more money, however these projections were based on more students, which are included in local budget projections as well (just not at the level they had). ***Pickerington received the same per pupil increase as the rest of the schools in Fairfield County, which in FY06 is zero.*** While the increase was 3.1% for FY06, the elimination of the cost of doing business factor was 3.6%, which results in a net of less than zero.

Administrators are looking at the district's budgets, and as in the past, being proactive in anticipation of possible cuts in the state budget for education.

The House as well as the Senate will each have versions of the budget bill. Administrators will continue to monitor this at all levels.

AT THE NATIONAL LEVEL

The President's FY06 budget request represents the first real reduction in education spending in 10 years. The reduction equals nearly 1% not accounting for inflation. The 1% represents a cut of some \$530 million in discretionary education spending and is estimated to eliminate 48 programs. Secretary of Education, Spellings, refers to this as bringing about fiscal discipline. However, until the local education agencies know what programs are eliminated there continues to be a concern that again they will receive unfunded mandates in a time of increasing educational reform.

FEDERAL TITLE PROGRAMS

The Federal Budget has not been finalized at this point, but there are several programs in jeopardy; some of which may affect Pickerington Schools. At this time, Title V is slated for a 50% reduction. These funds are used to supplement local funds to provide the K-6 regular education tutors in the buildings. A 50% reduction would mean that the district would have to pick up over \$18,000 through its general funds.

Title II-D Professional Development for Technology is slated for elimination. Currently the district receives over \$6300 for technology professional development through Title II-D.

Title IV, Safe and Drug-Free Schools is currently slated to be eliminated. The district currently receives \$21,000. These title funds support the following programs/activities – transportation for the WINGS students in both high schools, Pillars of Character programs in our K-6 buildings, Peer Mediation programs in our junior high and high schools, diversity activities for students and staff members, home tutoring for students who qualify, and some funds to help offset the costs of a resource officer at the high school level.

GRANT UPDATES

Automated External Defibrillator grants:

Good news! All eleven of our buildings will now have AED'S located in them. Grants were recently awarded to all five elementary buildings and the two middle schools. The value of these seven AED's is nearly \$14,000.

Grant applications were completed by Mrs. Martha England to obtain AED's for each of the K-6 buildings. The Ohio Legislature made this funding available. Both junior high and high schools already have AED's on site. The district's nursing staff under the direction of Sharon Schmitz will complete the implementation and AED/CPR training of staff members. Currently, both office and administrative staff are trained yearly at these grade

levels.

Seeking Recycling Funding:

In January, Mrs. England began working with Karen Virden and Eric Riddle of Heritage Elementary to secure funding for a recycling project. A letter of inquiry has been sent to Bridgestone/Firestone regarding this project. Funding is being sought through other avenues as well. The Ohio EPA offers grants for projects of this nature, but their deadline would require that the students wait until next school year. If you know of available funding for this small, but worthy project, please contact Martha England, Grants Coordinator, through the treasurer's office.

The following is a brief description of this project.

Heritage Elementary student council would like to do a project to improve their school's outdoor learning space and at the same time support their commitment to be good stewards of their environment.

In researching, they have found that it takes 1800 plastic jugs to make one recycled picnic table. They would like to collect 3600 plastic jugs in exchange for two picnic tables made of recycled plastic to place in their school's outdoor learning space. The students have found that locally there is a recycling center

that would take the jugs, but they do not offer any money for them.

The cost of the two picnic tables is approximately \$1000. They are seeking support for their environmental project by providing funds to purchase these two tables in exchange for the students collecting 3600 plastic jugs for recycling.

Ohio Reads: Literacy Improvement Grant

Good news across the state is that they are expanding the grade levels for this funding to include middle schools. Bad news for Pickerington was that because of changes in qualifications, we no longer qualify for any of these funds. In the past, Pickerington and Tussing elementary buildings have received grant funds that have benefited not only these students, but also staff members across the district. Staff development components that were provided through these funds were often available to all elementary teachers.

The change denies application to those buildings that have met the reading standards. ***This change means that the district will lose \$21,000 worth of funding that it has been receiving on a yearly basis for these two buildings.***

Gifted Grant Received through the Ohio Gifted Education Research Project

Mrs. Sandy Meigel applied for and received a \$10,000 award to participate in the Ohio gifted education research project. The research study project that Pickerington is associated with is “Developing a Comprehensive Continuum of Services: Options and Resources”.

Pickerington Schools were partnered with a research group from the Center for Gifted Education at the College of William and Mary. The research group will be visiting the district the week of March 21st. There will be focus groups for the research team to meet with at various levels of gifted programs in the district.

The grant funds will cover any costs associated with the research – that is, subs for the teachers on the day of the visitations. All additional funds can be used to support the district’s gifted program. In the grant, identified needs were staff development and materials to expand the district’s Junior Great Books program.

Competitive: Special Education Access Grant

Coordinators from both the curriculum department and the special education department are working collaboratively to submit a competitive grant application. If obtained, these “Access” funds will be used to train regular

education and special education instructors at the middle school level to team-teach students with the support of technology. The grant application will be for approximately \$50,000.

GRANTS/FUNDING FOLDER NOW AVAILABLE ON-LINE FOR THE STAFF

Last month a new conference folder was launched on the district’s First Class email system. The purpose of this folder is to provide information about grants and other funding or materials opportunities that are available to staff members.

This folder will be maintained by Mrs. England. The response from staff members has been very positive. Already Mrs. Heidi Cornhill and Mrs. Anne Starkey have applied for a Fugifilm grant to provide digital equipment for use in an instructional project at Fairfield Elementary.

If awarded, the approximate value of this grant is \$1,000. Good luck Mrs. Cornhill and Mrs. Starkey!

APPLIED, BUT DENIED

Improving Teacher Quality Grant

The grant would have provided over \$146,000 if awarded for training of secondary math and science teachers.

Unfortunately this grant was denied. Information indicates that the state is funding several new opportunities for this training through summer science and mathematics academies for secondary teachers.

Our thanks goes to local staff members - Martha England, Cindy Roepcke, Kay Wallace, Debra Sawyer and Kristina Hulse for the time that they put into this application.

NIKE – Bowerman Track Renovation Grant

The district received word in mid March that it would not be awarded the Bowerman Track Renovation Grant. The foundation awards only one grant per quarter and the district was competing with over 100 other districts nationwide. The Bowerman Track Renovation program award would have provided \$50,000 in matching funds for track renovation.