

QUESTIONS from the COMMUNITY

1. Recently, it was put out that our school district was over \$4,000,000 in debt. A website was also introduced that had some of this statistical data. What is the story with this?

The Gateway website is the tool used by the Division of Local Government Finance to collect statistical data on government entities and schools. It is also the vehicle in which a school system submits its annual budget prior to the DLGF rendering of its taxing decisions. The portion of the Gateway website that compares debt from one school district to another is generally behind and is not audited for accuracy. It states this right on the top of the website:

Debt Comparison by Unit Type

Note: Under IC 5-1-18, units have one month to report debts in Gateway Debt Management after issuance. Some outstanding debts may not be currently reported. *Data contained in Gateway Debt Management is self-reported by local government officials and/or their designees. Debt Reports may not have been audited for accuracy or completeness by the Department of Local Government Finance. The Department is not responsible for any errors or omissions in this data.*

The White River Valley School District owes two outstanding loans.

We have a construction loan that was granted to add the new roof on the high school and new heating/cooling at the high school. The original loan was for \$1,975,000. As of January 1, 2014, we will still owe \$1,648,500.

We have taken out two retirement bonds to take care of unfunded retirement liability for our employees. We paid the first retirement bond off. We took the 2nd one in 2007 and have been paying interest only on it since June, 2011. The bond was \$2,250,000. We currently owe \$1,705,000.

We currently are indebted \$3,353,000. We owe no lease payments.

By the way, that is the lowest debt of the five county schools. They range from Bloomfield (the website lists them as 3,955,323; however, they purchased their athletic property south of town this year, so theirs is higher now.) to Eastern Greene at \$23,344,594.

2. What has been done already to cut costs in the General Fund?

The following positions or services have been cut already in the general fund:

Spring, 2013--

*Reduction in Force of the following teaching positions:

Lyons—Kindergarten Teaching Position

Worthington—Two Elementary Teaching Positions

Student Achievement Director

*Reduction of two instructional aide positions

*Elimination WRV school social worker designed to track diploma attainment

*Elimination of the Corporation Newsletter

*Elimination of Corporation Cell Phones

*Elimination of Contracted Services for Retirement Financial Distribution

The following cost-saving measures have been implemented since July 1, 2013--

- *Chain-of-command approval system for all corporation purchasing
- *30-40% Reduction in costs associated with Snow Removal
- *Utilization of School Corporation Community Service Projects with students, including painting, landscaping, and striping the parking lots with student service project help
- *Utilization of student and community volunteer work to relocate the discus and shot put areas outside of the track and field area
- *Utilization of Federal/State grants to provide student/school services
- *Fortifying our vocational curriculum to provide more advanced offerings while at the same time increasing our per-pupil funding for participating students.

Further cuts associated with personnel and services to be examined in 2014--

- *Reduce areas of school property that are subject to the mowing contract
- *Utilization of excess land to raise additional revenue
- *Consideration of Retirement Positions

3. The School Board recently approved the addition of a School Resource Officer for the district.

How can we add positions if our general fund is in deficit spending?

It is important to protect and utilize all of our resources. Our number one resource is our children, and providing our children (and staff) with a safe learning environment is vital to our success. The Department of Homeland Security offered a matching grant this summer, and WRV was fortunate to receive the grant. School districts could apply for up to \$35,000 to put towards security or a certified School Resource Officer. WRV applied for a \$10,000 grant because we could not afford to spend any more than that from our Rainy Day fund. That means with the \$10,000 grant and \$10,000 Rainy Day fund expenditure that the position will be utilized for \$20,000. There will be no health insurance offered with this position. (The Affordable Care Act allows schools to exempt 5% of its total personnel roster from having to offer Health Care with a position over 30 hours per work week.) We have had seven individuals apply for this position knowing that we have a \$20,000 budget and we can't exceed it.) There will be no general fund expenditures resulting from this hire.

Additional information (12-9-13): We have been able to locate an individual for the position who because of his qualifications may be able to teach a vocational class in Law Enforcement. Vocational classes carry additional funding from the State, meaning WRV could earn up to \$450 per student enrolled in this type of class. This is good news because this additional program and service to our school community now has a possibility of paying for itself or even bringing in additional revenue for the school.

4. What exactly is a referendum for schools?

The process is legally called a Referendum Levy Fund Referendum and established by Indiana Code 20, Article 46, Chapter 1. A form of this law was first enacted in 1991. Only a few school corporations pursued a referendum levy under this original law because the purposes for that levy were very limited and involved proceeding through some emergency appeal processes with the Indiana Department of Local Government Finance.

In 2008, the law was amended to move all of this process back to the local community and broaden the possible use of the referendum levy fund—money may be used for any lawful purpose. Today, several school corporation have successfully established referendum levies. The question is placed on the ballot for vote with the majority vote winning.

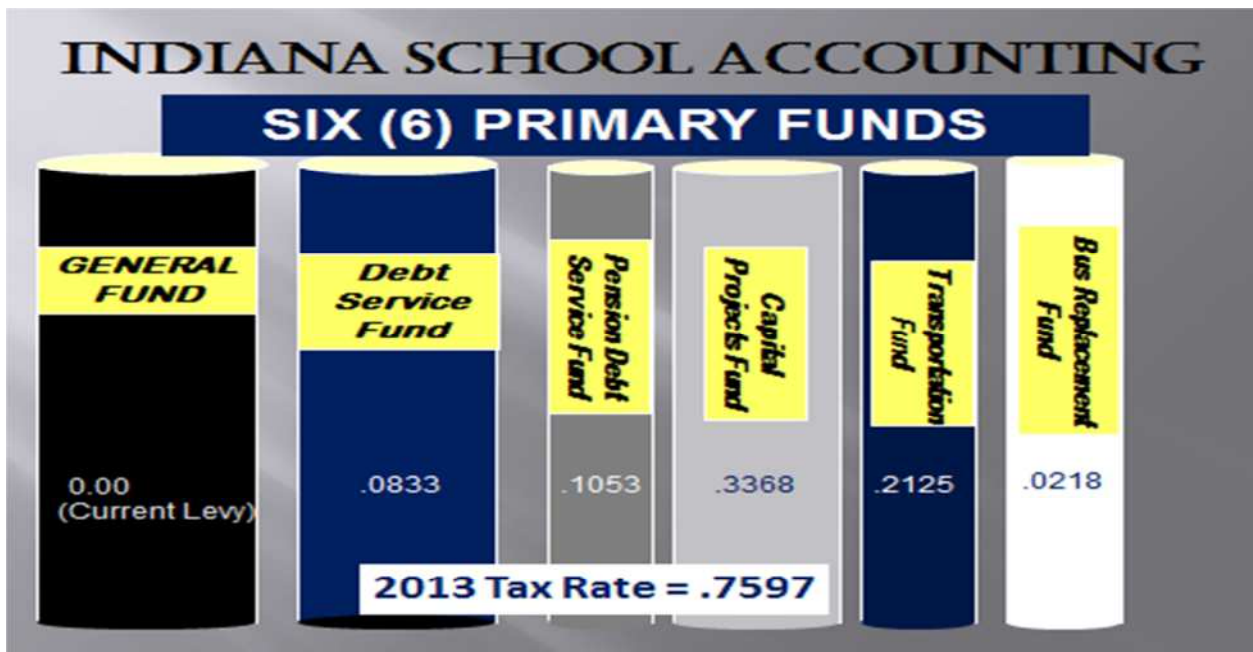
If the majority votes in favor of the operating referendum, then the school corporation may impose the operating referendum levy beginning in the immediately following year and for up to six additional years. The tax rate imposed for the operating referendum levy is not included in the circuit breaker cap calculations. If the majority votes against the operating referendum, then the school corporation may not impose the operating referendum levy and may not have the voters consider that referendum levy for at least 1 year.

5. So you mean if I vote YES for the referendum that means I will be voting to increase my own taxes?

Yes, in essence, it means that you would increase your taxes so that the school can have money to remain a viable option to operate as it is in our own local community.

6. How does school funding work? You talk about different funds and money only being able to be spent on different things. Please explain how that works in simple terms.

School funding is complicated. There are six different funds that make up the school budget. Five are based on taxes and one is funded through the state. All of the taxing funds add up to get our tax rate.



Here is a summary of how the individual categories are funded and how each fund can be used by our school corporation:

GENERAL FUND: State Formula per Student

The only fund that may be used to pay salaries and benefits for certified personnel and the majority of support staff (funding controlled by the State Legislature).

INCOME:

- *State Support (12 page formula to get amount per student)
- *Federal Support (Title 1 and Title 2 Funds—based on Poverty Statistics)
- *Interest Earned
- *Rental Properties

EXPENDITURES:

- *Salaries: teachers, secretaries, custodians, nurses, principals, librarians, administrators
- *Benefits
- *Utilities
- *Instructional Supplies

DEBT SERVICE FUND: \$249,952/AV \$300,062,424 = .0833

Debt for new construction and facility renovation.

INCOME:

- *Property Tax
- *Excise Tax
- *CVET (Commercial Vehicle Excise Tax)

EXPENDITURES:

- *Tax Anticipation Warrants
- *Building Corporation Leases
- *General Obligation Bond
- *Common School Fund Loans
- *Uncollected Textbook Rental

PENSION DEBT SERVICE FUND: \$315,966/AV = .1083

Debt for local retirement benefit for certified staff.

INCOME:

- *Property Tax
- *Excise Tax
- *CVET Tax
- *FIT

EXPENDITURES:

- *Pension Bonds

CAPITAL PROJECTS FUND \$1,010,610/AV = .3368

Expenditures for equipment, technology, and maintenance of buildings/equipment.

INCOME:

- *Property Tax
- *Excise Tax
- *CVET Tax
- *FIT

EXPENDITURES:

- *Building Improvements
- *Land Acquisition
- *Architect Fees
- *Rental of Buildings/Equipment
- *Maintenance
- *Emergencies
- *Utilities
- *Technology

TRANSPORTATION FUND \$637,633/AV = .2125

Expenditures for pupil transportation personnel, benefits, and services.

INCOME:

*Property Tax

*Excise Tax

*CVET Tax

*FIT

EXPENDITURES:

*Transportation Staff

*Equipment and Supplies

*Fuel Maintenance

*Insurance

*Drivers (Salary)

BUS REPLACEMENT FUND \$65,414/AV = .0218

Expenditures for new buses.

INCOME:

*Property Tax

*Excise Tax

*CVET Tax

*FIT

EXPENDITURES:

*Purchase Buses

RAINY DAY FUND

SAVINGS ACCOUNT

One-time expenditures for site acquisition, unexpected needs, emergencies or other unforeseen circumstances. Not suggested to be used for recurring expenditures (e.g. wages/salaries of employees).

Income:

*A Rainy Day fund is accumulated through choosing not to spend money in the other accounts. Tough choices to cut or do without things have to be made in order to save money for this emergency account.

Expenditures:

*Any law abiding expenditure.

NOTE: If the voters choose to pass the referendum, a separate category would be created called the Referendum Levy Fund. The money raised from the additional tax would all fit into the fund and could be spent on any legal school expenditure. The other funds will not be receiving any additional funds.

- 7. I am not sure that I trust the school board and administration to spend money wisely. How bad are we really? I mean, you are asking me to raise my own taxes so that the administration can have more money. Aren't they the ones who got us into this mess in the first place?**

Our financial situation is dire. What we do know is that we can get through this year (2013-14) and probably next year (2014-15). After that, I cannot guarantee that we could pay our teachers.

Actually, the school board and administration are not solely to blame for our situation. The school financial situation took a turn for the worse back in 2009 when the state legislation and Governor Daniels moved to eliminate the local school corporation's ability to raise revenue through taxing for the general fund. It used to be that a school corporation was financed largely through local property taxes. The new funding formula instituted a change that now sends the dollars from our local property taxes to Indianapolis. From there, those dollars get distributed as the legislators see fit. Unfortunately, funding for education is now a much smaller piece of the pie. The state gives each school corporation a particular amount of money per student. This amount is called the Foundation grant, and it is what the state pays on a monthly basis to every school system. State funding to the general fund goes to all Public and Charter Schools based on Average Daily Membership (ADM). The amount of funding a school receives is calculated using a 12 page formula prescribed by legislators during the general assembly. The formula is reviewed every two years and can be adjusted during the legislative session. State funding is not equitable among all schools.

WRV currently receives a specific dollar amount per student. The state is currently working to get all school corporations to a FOUNDATION amount that would be equitable. WRV will be adversely affected by this over the next five years to the tune of around \$140 per student, per year. That will compound each year. Over the course of the of the next five years we will be losing over \$500,000 in funding because we are \$700 over the Foundation level set by the state per student. So the state is taking \$700 away from us for each student and giving it to another school system who is below that FOUNDATION amount.

So what does the whole picture look like? WRV has had a number of negative impacts to its revenue over the course of the last five years.

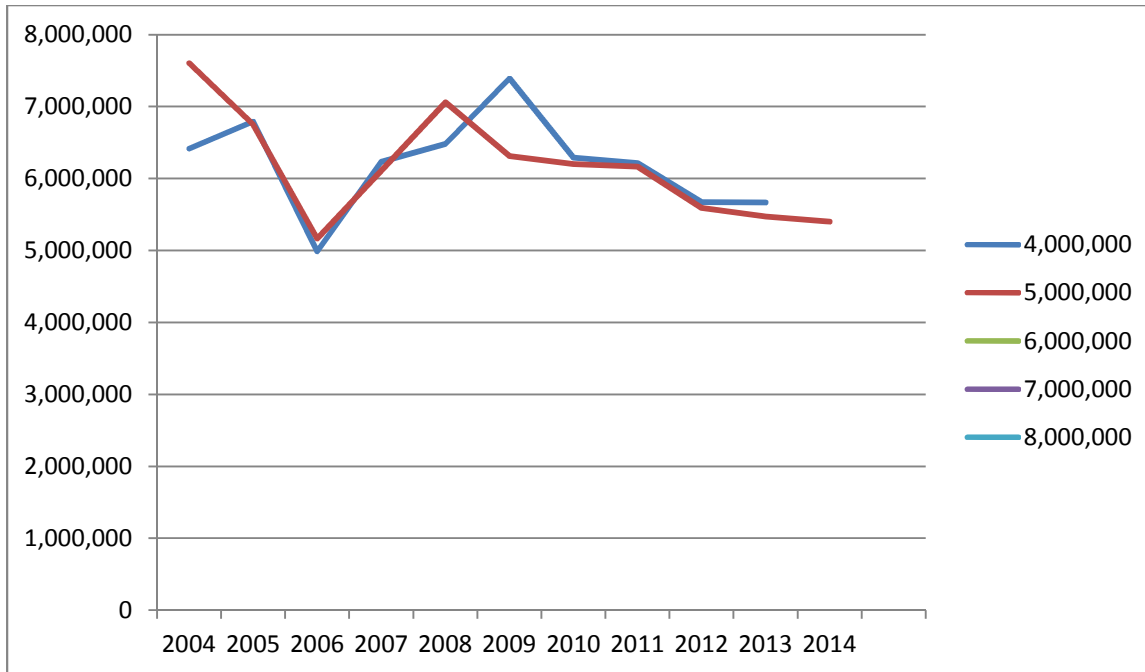
*In 2009 schools could no longer levy Property Taxes for the general fund;

*In 2009 the funding formula used by the state changed—utilizing free/reduced lunch data rather than census data;

*In 2010 small/rural schools and restoration grants were no longer issued by the state;

*WRV Impact of the state transition to foundation.

All of this has led to a revenue problem. Our spending has been cut by 1.7 million dollars over the last five years. Cutting spending in the General Fund is important, and we have a little bit more that we can do; however, when we don't replace teachers, we directly impact student education. You read above in question two about the cuts that have occurred this year and are continuing to be made as we try to attack the problem. The chart below explains the revenue/expenditure situation quite graphically.



Revenue is RED; expenditures are in BLUE.

The graph depicts a 2.2 million dollar drop in revenue since 2004 and a 744,054 dollar drop in expenditures during that same time span.

Since the change in the school funding formula in 2009, revenue has dropped 1.6 million dollars and expenditures have been cut back by 1.7 million.

Other Information:

2006 Revenue was low because the property taxes were late and WRV did not receive their 2nd tax payment until after the start of the year.

TAX RATE HISTORY for WRV District:

2006	1.777
2007	1.8074
2008	1.6413
2009	.67
2010	.8995
2011	.9072
2012	.6703
2013	.7597

2013 GREENE COUNTY SCHOOL TAX RATES

Eastern Greene	1.83
Linton-Stockton	1.44
Bloomfield	1.14
Shakamak	1.03
WRV	.7597

These numbers are significant because if WRV would close her doors and consolidate with an area district or be split into sections that go to the other area schools, the taxpayer will be responsible for paying off the remaining debt that WRV would have as well as tackling the tax debt from the new district.

The choice becomes an interesting one: do you vote to raise your taxes to help the local school where you have some degree of local control, or do you vote not to raise your local taxes and become responsible for a higher rate of the surrounding school, while losing all local control and your local school?