

THE REDBANK REFERENDUM

FACTUAL INFORMATION



Information presented and provided for

Tax Referendum Vote

On April 28, 2020

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Referendum Information Summary

I . What is a school tax referendum?

- A vote by school district residents to determine whether to approve a tax increase above the amount that a school board can approve on its own

II . Why is Redbank having a tax referendum?

- The district has a projected budget deficit of approximately \$1.2 million, and the school board can only authorize a tax increase of about \$400,000
- The district's fund balance is declining and anticipated to be approximately \$3.2 million at the end of this school year (see [Figure 1](#))
- The district has one of the lowest school property tax rates in the state, ranking 494 out of 500 districts in the state, and is the lowest in Armstrong and Clarion Counties (see [Figure 3](#))
- The district has cut costs, which has resulted in the district spending less per student than the state average and having more students per teacher than the average Armstrong and Clarion County school (see [Figure 5 & 6](#))

III. What happens if the tax referendum passes?

- The district budget will be balanced, and current programming and staff positions will be maintained
- After the tax hike, the Redbank Valley School District property tax rate will rank 4th out of 7 Clarion County districts and 7th out of 8 Armstrong County districts if no other district raises taxes (see [Figure 7](#))
- The average tax bill based on average assessed value increases about \$267 in Clarion County and \$243 in Armstrong County (see [Figure 8](#))

IV. What happens if the tax referendum fails?

- Local tax revenue will increase by approximately \$400,000, the amount the school board can approve
- The district budget will be balanced by cutting over \$800,000 in programming and positions
- Furlough of the librarian, a library aide, an elementary art teacher, an elementary music teacher, 2 elementary teachers, the Dean of Students, a high school secretary, and a nurse aide will occur
- Athletic trainer position will be eliminated, security spending will be reduced, extracurricular activities will be mandated to fundraise an additional 10% of their costs (they are already fundraising 5% of costs), and student extracurricular participation fees will double

I . What is a school tax referendum?

A. Method of raising local school property taxes above the state imposed annual limit

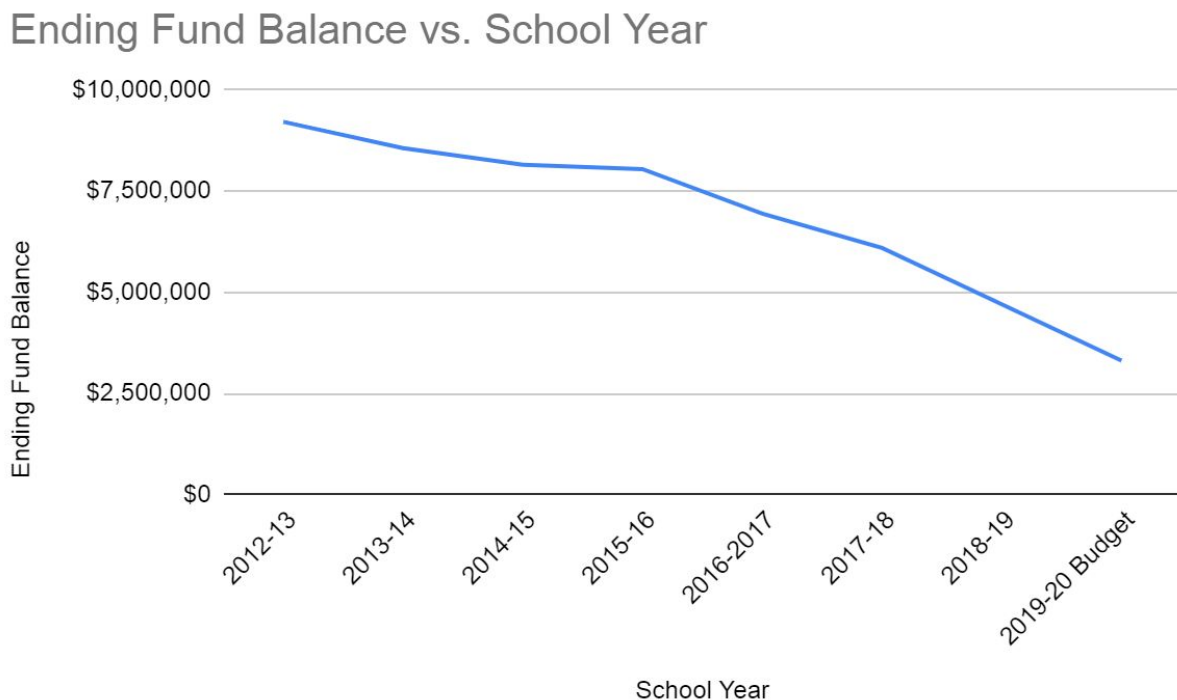
- State lawmakers passed Act 1 in 2006
- Act 1 imposes a limit on how much local school boards can raise property taxes
 - Each year the permissible property tax increase is recalculated and is termed the Act 1 Index
 - The limit is based on average educational wage increases in the state and nation, and adjusted for each community's economic status
 - Redbank's limit for the 2020-2021 school year is 3.8%
- Act 1 also creates potential exceptions to the annual limit
 - Exceptions permit a school board to raise taxes above the index if approved by the PA Department of Education
 - Districts can qualify if special education or retirement expenses increased over the prior two years by more than the Act 1 Index
 - Redbank did not qualify for exceptions in 2019-20
 - Redbank has applied in 2020-21 for an additional permissible tax increase of approximately \$241,000 based on special education expense increases
- Act 1 also created the option to ask voters in the district to permit a tax increase above the Act 1 Index in the form of a school tax referendum
 - The question is placed on the spring primary election ballot
 - Redbank will have a tax referendum on April 28, 2020

II. Why is Redbank having a tax referendum?

A. Redbank has a 2020-21 budget deficit of approximately \$1.2 million

- Total budget expenditures are projected to be \$19.4 million
 - This figure maintains our current educational and extracurricular programs including textbook and technology cycles
- The budgetary reserve fund or fund balance (savings account) has been used to balance the budget in recent years
 - Budgetary reserve fund has dropped from over \$8 million 5 years ago to an estimated amount of \$3.2 million at the end of the 2019-20 school year
 - If its decline continues at the current rate, the budgetary reserve fund will be exhausted (Figure 1)

Figure 1.



- If the fund is exhausted, additional cost cutting or tax increases will be required to balance the budget
- In this circumstance, PA Department of Education can advise on which programs to eliminate but cannot authorize additional tax increases above the index limit

B. Local property tax rates are the lowest in Clarion and Armstrong Counties

- Redbank's local property tax effort per student is one of the lowest in the state. Redbank ranked 494th out of 500 in the state in 2017-18.
- Of all Armstrong and Clarion County school districts, Redbank Valley collects the lowest local tax revenue per student at \$3,419
- RVSD collects \$576 (14%) less per student than the lowest and \$7,273 (68%) less per student than the highest other Armstrong or Clarion County school district in local funding.(Figure 2)

Figure 2. 2017 Local Revenue for Armstrong and Clarion County School Districts

District	Revenue Source	2018 Local Revenue per Student	2018 Percent of Revenue from Local Sources
Clarion Area	Local	\$10,692	62%
Leechburg	Local	\$9512	47%
Freeport	Local	\$9053	56%
Armstrong	Local	\$7493	39%
Allegheny-Clarion Valley	Local	\$7,339	34%
Kiski	Local	\$7300	46%
Apollo Ridge	Local	\$7216	37%
Clarion-Limestone Area	Local	\$6,175	37%
Karns City	Local	\$5515	36%
Keystone	Local	\$5,118	31%
North Clarion	Local	\$5,067	35%
Union	Local	\$3,995	21%
Redbank Valley	Local	\$3,419	21%

- Redbank's local property tax rate is the lowest in Clarion and Armstrong Counties
 - Mills are units of measure of local taxes
 - The number of mills represents the amount of taxes levied per \$1000 in property value
 - RVSD was 10.47 mills lower than the next lowest school district in Clarion County and 8.2671 in Armstrong County in 2019-20. (Figure 3)

Figure 3. School District	Tax County	2019-20 Real Estate Mills
Clarion Area	Clarion	65.73
Clarion-Limestone Area	Clarion	60.55
Allegheny-Clarion Valley	Clarion	58.16
Keystone	Clarion	51.587
Union	Clarion	50.5080
North Clarion	Clarion	44.2282
Redbank Valley	Clarion	33.7497
Redbank Valley	Armstrong	24.7229
Allegheny-Clarion Valley	Armstrong	32.99
Apollo-Ridge	Armstrong	62.4
Armstrong	Armstrong	58.95
Freeport	Armstrong	64.3
Karns City	Armstrong	45.8
Kiski Area	Armstrong	46.22
Leechburg Area	Armstrong	75.1

- Using the state equalized mills, RVSD was 5.8 mills lower than the Clarion County peer group, 10.3 mills lower than the Armstrong County peer group, and 8.8 mills lower than the reporting school entities of the Commonwealth in 2017. (Figure 4)
 - State Equalized Mills is calculated by taking the total local revenue divided by property value, as a better means of comparison

Figure 4. State Equalized Mills

Year	Redbank Valley	Clarion County Peers	Armstrong County Peers	Armstrong and Clarion County Peers	All Districts in PA
2008	11.2	15.6	22.1	19.5	20.9
2009	9.7	14.1	19.5	17.4	18.4
2010	10.5	14.3	19.6	17.5	18.6
2011	9.9	13.8	18.7	16.8	17.9
2012	10.0	13.8	18.5	16.7	18.3
2013	10.4	14.4	19	17.3	18.4
2014	10.0	14.4	18.9	17.2	18.6
2015	9.5	14.6	19.3	17.5	18.4
2016	9.8	15.1	20	18.2	18.7
2017	10.0	15.8	20.3	18.7	18.8

- Redbank's local tax rate was only increased 5 times in the past twenty years

C. Redbank's annual state funding increases are smaller than in the past

- State funding for schools changed in 2016 with a law that created a new funding formula
 - The new formula considers multiple factors including number of students, poverty, household income, charter school expense, and local tax effort
 - Increases in state funding for individual schools since 2016 are calculated using the formula (amounting to about 11% of total state education appropriations last year)
- Annual increases in state funding to Redbank have declined
 - From 2004-05 to 2007-08, state basic education funding increased by an average of 3.12% per year (average of \$237,000 per year), then was nearly level funded from 2008-09 to 2013-14, and more recently from 2014-15 to 2017-18 has increased by an average of only 0.93% per year (average of \$82,360 per year).

D. District expenses have been controlled

- Mahoning Elementary was closed in 2011
- Teaching positions have been reduced by over 20 since 2010
- Custodial-maintenance staff positions have been reduced and administrative staff positions have been consolidated
- Staff contracts have been renegotiated to reduce costs
 - Staff took a pay freeze for part of the last contract
 - High deductible health care plans were instituted
- Current student to teacher ratios are higher than the average Armstrong and Clarion County student/teacher ratio (Figure 5)

Figure 5. Student/Teacher Ratio

Year	Redbank	Armstrong and Clarion County Peers	All Districts in PA	Redbank Student Count	Redbank Teacher Count
2011	12.9	13.7	14.8	1,168	90.5
2012	14.4	14.1	15.3	1,192	83
2013	14.1	14.2	15.3	1,146	81.5
2014	13.5	14.5	15.3	1,127	83.5
2015	14	14.1	15.2	1,124	80.5
2016	14.4	14.2	15.3	1,131	78.5
2017	13.5	14.2	15.1	1,083	80.5
2018	14	14	15.1	1,085	77.5
2019	14.5	13.9	15	1,094	75.5

- Redbank spent \$956 less per student than the average other Clarion County school, \$288 less per student than the average other Armstrong County school, and \$956 less per student than the state average in 2018 (Figure 6)

Figure 6. General Fund Expenditure Trends

Fiscal Year	Redbank Spending per Student	Armstrong County Peer Spending per Student	Clarion County Peer Spending per Student	State Avg Spending per Student
2008	\$11,553	\$11,298	\$11,199	\$11,673
2009	\$11,432	\$11,760	\$11,663	\$12,169
2010	\$12,635	\$11,991	\$12,698	\$12,709
2011	\$12,999	\$12,773	\$13,270	\$13,194
2012	\$11,748	\$12,706	\$12,989	\$13,136
2013	\$12,840	\$13,184	\$13,707	\$13,625
2014	\$13,508	\$13,899	\$14,262	\$14,136
2015	\$13,794	\$14,603	\$15,160	\$14,824
2016	\$13,969	\$15,000	\$15,314	\$15,438
2017	\$15,698	\$15,586	\$16,025	\$16,179
2018	\$15,870	\$16,158	\$16,826	\$16,826

E. Raising taxes without a referendum will be insufficient to balance the budget

- Increasing local property taxes to the Act 1 Index raises approximately \$110,146
- Redbank's local property tax revenue from its Clarion County portion is increasing an additional approximately \$54,055
 - Redbank's Clarion County local property tax revenue is being increased by \$54,055 based on an adjustment provided by the Pennsylvania Department of Education
- The approximately \$241,000 in increased local taxes anticipated from Act 1 index exceptions in 2020-21 is a one-time increase that the district may not qualify for again
 - Even with raising taxes to the Act 1 Index plus the exceptions, the district would still have a 2020-21 budget deficit of over \$800,000

III. What happens if the tax referendum passes?

A. If a majority of voters vote in favor of a referendum tax increase, the district budget will be balanced without the need for educational program cuts or staff furloughs

- The total from the referendum increase plus the Act 1 Index plus the referendum exceptions and PDE adjustment will be enough to balance the 2020-21 budget
- The existing breadth of academic and extracurricular options will be maintained
- Textbook and technology cycles (yearly updates of a portion of the district's books and computers) will continue
 - These cycles have been partially halted in recent years to cut costs

B. Local school property tax rates will increase by the index, PDE adjustment, exceptions if approved, and referendum amounts

- Redbank's school tax rate will move from the lowest in Clarion County to the 4th lowest of 7 districts (Figure 7) if no other district raises taxes
- Redbank's school tax rate will move from the lowest in Armstrong County to the 7th lowest of 8 districts (Figure 7) if no other district raises taxes

Figure 7. Comparison of Average Assessed Value Tax Effort If No Other District Raises Taxes

<u>Clarion County School District</u>	<u>Current Millage</u>	<u>Average Assessed Value</u>	<u>Current Face Value of Real Estate Tax Bill</u>	<u>Current Rank</u>	<u>Proposed Millage if Referendum Approved</u>	<u>Proposed Face Value of Real Estate Tax Bill if Referendum Approved</u>	<u>Proposed Rank if Referendum Approved</u>
Allegheny-Clarion Valley	58.16	14398	\$837.39	3	58.16	\$837.39	3
Clarion	65.73	14398	\$946.38	1	65.73	\$946.38	1
Clarion-Limestone	60.55	14398	\$871.80	2	60.55	\$871.80	2
Keystone School	51.578	14398	\$742.62	4	51.578	\$742.62	5
North Clarion	44.2282	14398	\$636.80	6	44.2282	\$636.80	7
Redbank Valley	33.7497	14398	\$485.93	7	52.3132	\$753.21	4

Union	50.508	14398	\$727.21	5	50.508	\$727.21	6
Armstrong County School District	<u>Current Millage</u>	<u>Average Assessed Value</u>	<u>Current Face Value of Real Estate Tax Bill</u>	<u>Current Rank</u>	<u>Proposed Millage if Referendum Approved</u>	<u>Proposed Face Value of Real Estate Tax Bill if Referendum Approved</u>	<u>Proposed Rank if Referendum Approved</u>
Leechburg	75.1	22803	\$1712.51	1	75.1	\$1712.51	1
Freeport	64.3	22803	\$1466.23	2	64.3	\$1466.23	2
Apollo-Ridge	62.4	22803	\$1422.91	3	62.4	\$1422.91	3
Armstrong School District	58.95	22803	\$1,344.24	4	58.95	\$1,344.24	4
Kiski	46.22	22803	\$1053.95	5	46.22	\$1053.95	5
Karns City	45.8	22803	\$1044.38	6	45.8	\$1044.38	6
Allegheny-Clarion Valley	32.99	22803	\$752.27	7	32.99	\$752.27	8
Redbank Valley	24.7229	22803	\$563.76	8	35.4056	\$807.35	7

- Over half of district property tax bills will increase by less than \$300 (Figure 8)
 - The average Redbank school property tax increase in Clarion County will be about \$267
 - The average Redbank school property tax increase in Armstrong County will be about \$243

**Figure 8. Redbank Valley Tax Impact if Referendum Passes
by Percentile Range Clarion/Armstrong Counties**

	Clarion Co		Armstrong Co	
Current Millage	33.7497		24.7229	
Referendum Millage	52.3132		35.4056	
Millage Increase	18.5635		10.6827	
Property Value Percentile Range	Average Assessed Value by Percentile Range CLARION	Average Tax Increase per Percentile Range CLARION	Average Assessed Value by Percentile Range ARMSTRONG	Average Tax Increase per Percentile Range ARMSTRONG
90-100	\$60,190.46	\$1,117.35	\$61,869.68	\$660.94
80-89	\$25,419.95	\$471.88	\$32,744.11	\$349.80
70-79	\$18,760.43	\$348.26	\$24,283.54	\$259.41
60-69	\$14,280.89	\$265.10	\$19,160.78	\$204.69
50-59	\$11,088.80	\$205.85	\$14,526.45	\$155.18
40-49	\$7,737.37	\$143.63	\$9,193.68	\$98.21
30-39	\$3,934.53	\$73.04	\$4,347.90	\$46.45
20-29	\$1,718.70	\$31.91	\$1,924.47	\$20.56
10- 19	\$899.10	\$16.69	\$526.81	\$5.63
00-09	\$268.50	\$4.98	\$73.92	\$0.79
	Average Assessed Value per Clarion County \$14398	Clarion County Average Tax Increase \$267.28	Average Assessed Value per Armstrong County \$22803	Armstrong County Average Tax Increase \$243.59

This worksheet is to show the average increase per each 10th percentile breakdown of the taxable properties. The top 10 percent would represent the highest 10% of all properties and so on. Average tax increase is based on average assessed value figure provided by each county.

IV. What happens if the referendum fails?

A. Local property taxes will still be increased by the Act 1 Index and the amount of the referendum exceptions

- These increases only need school board approval

B. Staffing positions, educational programming, and extracurricular offerings will be reduced in order to reduce expenses by over \$800,000 to achieve a balanced budget

- Librarian and library aide will be furloughed
- Elementary Art and Music teachers will be furloughed
- Two elementary classroom teachers will be furloughed by moving 6th grade to the high school building
- Dean of Students will be furloughed
- High School secretary will be furloughed
- Nurse Aide will be furloughed
- Athletic Trainer position will be eliminated
- Security spending of approximately \$100,000 will be eliminated
- 10% of district Extracurricular (sports and music) expenses will be eliminated by increasing mandatory fundraising
- Student pay to participate fees will double to \$100 per student per year with no annual limit for families