

Redbank Referendum Factual Information FAQ

(last edited 3-9-20)

Questions regarding school tax referendums?

Question: Why can't the school board just raise taxes?

Answer: Pennsylvania Act 1 of 2006 limits annual tax increases that a school board can levy to an inflationary figure that is recalculated each year and is different for each school. For 2020-21, Redbank's Act 1 Index is 3.8%, which raises \$110,000. Mandatory adjustment of Redbank's tax levy in Clarion County will result in approximately \$54,000 in local tax revenue. The district has applied for referendum exceptions due to special education increases that may result in approximately \$241,000 in local tax revenue. However, the preliminary budget deficit is \$1.2 million.

Questions regarding why Redbank is having a tax referendum?

Question: Why is a tax increase needed when the district has \$3 million in savings?

Answer: The budgetary reserve fund is declining recently by approximately \$1 million per year, and the budget deficit has grown on an annual basis.

Question: How much of a fund balance or savings account should a school district have?

Answer: According to Temple University's Institute of Public Affairs, the Government Finance Officers Association suggests that a school district have a minimum unassigned fund balance that amounts to 5-15% of its budget. According to the Pennsylvania School Board Association, the PA Auditor General stated in the past that a district with an unassigned fund balance of more than 20% of expenses should be questioned. Assigned purposes of a fund balance such as health care and retirement system cost increases would not be included in these recommendations. Redbank Valley's fund balance is within this range. The unassigned fund balance for the district at the beginning of the 2019-20 school year was \$192,854. (edited 2-25-20)

Question: Are tax increases allowed if the school district has a sizable fund balance?

Answer: The state restricts tax increases if the school district has an unassigned fund balance greater than 8% of this total budget. Redbank Valley's unassigned fund balance is below this limit. The unassigned fund balance for the district at the beginning of the 2019-20 school year was \$192,854.

Question: What happens when the budgetary reserve fund or fund balance is gone?

Answer: The Department of Education reviews options regarding expenditure reductions and program cuts with the board but cannot authorize higher taxes.

Question: Why didn't the school board raise taxes more often in the past so that a large tax increase was not needed now?

Answer: At the time, some board members gave opinions that they felt a tax increase was not warranted when the district had a large savings accounts, others felt that taxpayers should be able to decide on a tax increase, and others felt that expenditures should be reduced first.

Question: Why are other school districts around us not needing tax referendums?

Answer: Every other Clarion and Armstrong County school district has a higher local tax rate than Redbank.

Question: Has the district done anything to cut costs?

Answer: The district closed Mahoning Elementary to reduce costs. Teaching staff has been reduced to the point at which the district has more students per teacher than the average Armstrong and Clarion County school. Administrative staff and support staff have also been reduced. All staff have a high deductible health insurance plan to save the district money. The district's spending per student is less than the county and state average.

Question: Can't teacher wages and benefits be cut instead of raising taxes?

Answer: Redbank teacher wages are within the range of other Clarion County schools, and they took a pay freeze for part of the last contract term. Redbank staff all have a high deductible health care plan. District expenditures per student are below the average of other Clarion and Armstrong County schools.

Question: What is the school district doing to cut expenses and/or increase revenues other than employee furloughs and a tax increase?

Answer: In recent years, staffing positions have been reduced including the reduction in teaching staff by over 20 positions in the past 10 years, salary raises have been reduced, health insurance deductibles have been increased, and special education services have been brought back inhouse. Additional revenue has been obtained by requiring extracurricular programs to fundraise 5% of their annual costs, requiring students to pay to participate in extracurriculars, requiring students to pay to park, developing a facility use fee schedule for for-profit entities, and obtaining grant funding for services such as security.

Question: Are Redbank teachers the highest paid in the area?

Answer: See the following table for comparisons

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|---|
| Teacher Salary 2018-19 Comparison with Bachelor's Degree |
|---|

| School District | 2018-19 Starting Salary Schedule Step | 2018-19 Top Salary Schedule Step |
|-------------------|---------------------------------------|----------------------------------|
| Clarion | \$45,327 | \$71,471 |
| Keystone | \$44,509 | \$65,204 |
| Clarion Limestone | \$44,000 | \$69,003 |
| Redbank | \$43,288 | \$67,427 |
| AC Valley | \$42,824 | \$67,324 |
| Punxsutawney | \$41,400 | \$66,608 |
| Brookville | \$40,700 | \$66,200 |
| Union | \$36,407 | \$66,345 |

Question: Does Redbank have fewer students than surrounding schools?

Answer: See the following table for comparisons.

| 2019 Student Enrollment | |
|--------------------------|----------------|
| District | Total Students |
| Union | 553 |
| North Clarion | 631 |
| Allegheny-Clarion Valley | 691 |
| Clarion | 781 |
| Clarion-Limestone | 837 |
| Keystone | 934 |
| Redbank Valley | 1,094 |
| Armstrong | 5,083 |

Question: Will the district need to do this next year too?

Answer: The school district budget will be balanced for the upcoming school year, either by the tax referendum passing or by making position or programming cuts necessitated by a failed referendum, and in doing so, the school board's goal is to avoid another referendum in the near future. The school board will continue to consider annual tax increases to the state approved index if needed to keep up with annual cost increases.

Questions regarding what happens if the tax referendum passes?

Question: How much will taxes increase for people?

Answer: The amount of tax increase will depend on the taxpayer's assessed property value, not the market value. Most property tax bills will go up by less than \$300.

Estimated tax increases can be calculated using the online referendum calculator at www.redbankvalley.net.

Question: What local tax bill will be affected if the referendum passes?

Answer: The local school tax bill that is sent out in July will be affected.

Question: Is the Redbank tax referendum a way to increase teacher salaries higher?

Answer: The consequences of a passed Redbank tax referendum are a balanced budget, the maintenance of current programming and staff positions, and increased taxes. Salary raises are not a part of the referendum; they are negotiated in a separate process. The school board's goal is to limit future cost increases from controllable expenses like salaries in order to maintain a balanced budget.

Questions regarding what happens if the tax referendum fails?

Question: How was the list of potential cuts determined?

Answer: The school board and administration discussed options for reducing expenses after budgetary items such as supplies were already reduced. Programming that was not state mandated was considered. The board placed a priority on maintaining the best overall education with whatever resources would be available after the referendum and result in a balanced budget for the 2020-21 school year.

Question: How would the library and associated material be used if the district's only librarian and only remaining library aide were furloughed if the referendum fails?

Answer: The administration would have to develop alternative uses for the space.

Question: How would art education be affected by not having an elementary art teacher if the referendum fails?

Answer: Art education would be delivered by the elementary classroom teachers and the one remaining district art teacher.

Question: How would music education be affected by not having an elementary music teacher if the referendum fails?

Answer: Music education would be delivered by the elementary classroom teachers and the two remaining district music teachers.

Question: How would elementary education be affected by not having two of the current elementary teachers if the referendum fails?

Answer: Sixth grade would move to the high school, and sixth grade education would be delivered by a combination of two designated sixth grade teachers and current high school teachers. Teachers at the 7-12th grade level are certified to teach 6th grade if it is in the high school.

Question: How would high school education be affected by not having two of the current elementary teachers if the referendum fails?

Answer: Current high school teachers may shift some of their teaching periods from 7-12th grade education to 6th grade education. Current high school music and art teachers may shift some of their teaching periods from 7-12th grade education to music and art education at the elementary level.

Question: How would student discipline be administered if the Dean of Students position was eliminated if the referendum fails?

Answer: Student discipline would be administered by the principals.

Question: How would nursing duties be handled if a nurse aide position was eliminated if the referendum fails?

Answer: The remaining one school nurse and two nurse aides would handle nursing duties at the schools.

Question: How would secretarial duties be handled if a high school secretary position was eliminated if the referendum fails?

Answer: The remaining high school secretaries would handle the secretarial duties.

Question: Didn't the school already eliminate the athletic trainer position?

Answer: No. The position is contracted out through a local physical therapy business, which has actively recruited for the position but has been unsuccessful to date. The position is still budgeted for in 2020-21.

Question: How would security efforts be affected if security spending is reduced by approximately \$100,000 if the referendum fails?

Answer: The district has budgeted approximately \$100,000 per year for security spending, including guards and equipment. In addition, grant funding has been obtained to supplement that spending. If the referendum fails, the district will eliminate the approximately \$100,000 in budgeted expense, and provide whatever guards and equipment can be provided through grant funding. Each grant defines what it can be spent on.

Question: How would 10% of extracurricular spending be eliminated if the referendum fails?

Answer: Current district policy mandates that extracurricular activities, including athletic and music activities, have to fundraise enough to cover 5% of their expenses. If the referendum fails, these activities would have to fundraise enough to cover 15% (the current 5% plus the 10% included in the referendum question) of their expenses. Each activity has the opportunity to reduce its budgetary expense, in accordance with district policy.

Question: How would extracurricular pay to participate fees be doubled if the referendum fails?

Answer: Currently, participants in extracurricular activities pay \$50 per year, and there is a \$100 per year expense limit for a family. If the referendum fails, participants in extracurricular activities would pay \$100 per year, and there is no family limit.

Miscellaneous Questions

Question: How does the latest PA proposed budget affect Redbank moving forward?

Answer: The governor has proposed a 1.6% increase in basic education funding statewide. The percent increase that Redbank would receive if this is approved by the legislature is unknown. The governor has proposed charter school funding reform that could save school districts money if it is approved by the legislature.

Question: What are our local representatives in Harrisburg doing for Redbank?

Answer: Two local representatives, Senator Scott Hutchinson and Representative Donna Oberlander, sat down with district leaders in 2019. Our representatives heard

and understood the district's situation, and they suggested that charter school funding reform may help the district in the future. They are advocating for our district and other rural school districts.

Question: Can school board members and school district employees participate in a referendum campaign?

Answer: The Taxpayer Relief Act prohibits the use of public funds for the influence of voters on the referendum question or to levy political campaigns regarding the referendum. Thus, the School District should not fund any mailers or advertisements urging the citizens of Armstrong and Clarion County to vote one way or another on the referendum.

However, the School District is permitted to provide factual mailers to citizens discussing the reasoning for the referendum and the possible consequences for failing to approve the referendum, without explicitly stating that voters should vote "Yes" or "No." Finally, employees of the School District and School Board members are not prohibited from expressing their opinions in 1-to-1 conversations with potential voters.

Q: What types of Property tax relief are currently available to taxpayers of the Redbank Valley School District.

A: There are currently two different forms of property tax relief available from the State. They are the homestead/farmstead exclusions, and the PA Property/Tax Rent Rebate. Below is a brief overview of each and a link to where additional information can be found.

Homestead/Farmstead Exclusions

The Taxpayer Relief Act, Act 1 of Special Session 1 of 2006, was signed into law on June 27, 2006. The Taxpayer Relief Act provides for property tax reduction allocations to be distributed by the Commonwealth to each school district. Property tax reduction will be through a "homestead or farmstead exclusion." Generally, most owner occupied homes and farms are eligible for property tax reduction. Only a primary residence is eligible for property tax relief.

More information on the homestead/farmstead can be found at the below link.

<https://dced.pa.gov/local-government/property-tax-relief-homestead-exclusion/>
PA Property Tax/Rent Rebate Program

The rebate program benefits eligible Pennsylvanians age 65 and older; widows and widowers age 50 and older; and people with disabilities age 18 and older. The income limit is \$35,000 a year for homeowners and \$15,000 annually for renters, and half of Social Security income is excluded. Spouses, personal representatives or estates may also file rebate claims on behalf of claimants who lived at least one day in 2018 and meet all other eligibility criteria.

The maximum standard rebate is \$650, but supplemental rebates for qualifying homeowners can boost rebates to \$975.

The Property Tax/Rent Rebate Program is one of five programs supported by the Pennsylvania Lottery. Since the program's 1971 inception, older and disabled adults have received more than \$6.9 billion in property tax and rent relief. The rebate program also receives funding from slots gaming.

More information on the Property Tax/Rent Rebate program can be found at

<https://www.revenue.pa.gov/GeneralTaxInformation/PropertyTaxRentRebateProgram/Pages/default.aspx>

Question: Would a county reassessment increase local tax revenue for the school district?

Answer: Each county determines when to reassess property values. When a reassessment is done, all properties in the county are adjusted based on their appraised value at the time of reassessment. Many properties with a low current assessed value see an increased value while at the same time you see some new properties decrease. The total tax revenue is not allowed to increase as a result, so tax rates are adjusted accordingly to allow for the same amount of real estate tax to be collected in total. The taxes brought in after assessment must be the same as those brought in before.