

The Rockwood Board of Education is facing difficult decisions regarding district finances and the 2013 district budget. District administration is using a Guiding Change process for collecting data and stakeholder input to design options for the Board’s deliberation. These deliberations will lead to strategic decisions about a sustainable balanced budget for FY13 and beyond in order to maintain the Rockwood Advantage.

In the face of difficult economic times we must take action. During the period from FY08 to budget FY12, the district has experienced cost cuts totaling \$22 million and fund balance reductions totaling \$17 million. The budget development process will be guided by the overarching question:

“What options allow us to align resources with our Strategic Plan and will position us for development of a sustainable budget for FY13 and beyond in order to maintain the Rockwood Advantage?”

The Guiding Change process will utilize a variety of means to share the current reality with and gather feedback from district stakeholders (Input Team). Ideas will be shared with the Superintendent’s Cabinet (Design Team), which is charged with developing options for the Board of Education (Decision Makers). Throughout the process, communication will flow between the Input and Design teams and to the Board at scheduled meetings.

These options will focus on:

- Revenue replacement
- Cost cuts/containment
- Fund balance protection



Overview:

The Rockwood School District is committed to providing a quality education for all students through the “Rockwood Advantage”. The district’s strong reputation for success is based on student achievement, highly qualified staff and conservative financial planning.

Data collected from stakeholders indicates our community:

- Has high expectations regarding a quality education
- Believes the Rockwood School District does an excellent job at providing a quality education that exceeds schools in St. Louis County and the state of Missouri
- Gives high ratings to Rockwood for the education provided to students
- Cites high student achievement and the quality of teachers and staff as strengths of the district
- Places a priority on maintaining current class sizes
- Believes they receive excellent value for their RSD taxes
- Sees the quality of the Rockwood School District as the most important factor affecting property values

These expectations, values and tradition of excellence provide the basis for what has come to be known as the “Rockwood Advantage.”

The Board is facing difficult financial challenges that threaten the Rockwood Advantage. Meeting these challenges requires the Board to make strategic, long-term decisions to create a sustainable balanced budget for FY13 and beyond. The Board will be provided pertinent information to make these decisions.

The following components should be considered by the Board when developing long term strategies for the development of a sustainable balanced budget:

- Revenue replacement
- Cost reductions
- Fund balance reductions

Purpose:

District administration is using a Guiding Change process for collecting data and stakeholder input to design options for the Board’s deliberation. These deliberations will lead to strategic decisions about a sustainable balanced budget for FY 13 and beyond in order to maintain the Rockwood Advantage.

Context and Reality:

1) The Rockwood School District has a rich history and tradition of providing quality education.

The district's 30 schools and supporting programs collectively make up one of the highest performing school districts in the country. This reputation for quality is evidenced by:

- A rating of **Distinction in Performance with High Achievement**, the highest accreditation possible from the Missouri Department of Elementary and Secondary Education for every year it has been available.
- Receiving **full accreditation as a school district by AdvancED**, formerly known as the North Central Association
- Receiving recognition as a **National District of Character** by the Character Education Partnership.
- A **AAA rating by Standard and Poor's Rating Agency**. Rockwood is one of only 20 K-12 school districts in the nation to receive this rating.
- Rockwood receives the **Meritorious Budget Award** for excellence in the preparation and issuance of a school system annual budget.

**** See page 7 for additional achievements and recognitions**

2) The level of quality (Rockwood Advantage) is being threatened.

The current economic downturn is threatening the ability to fund the programs, services and staffing that constitute this rich tradition of excellence (the Rockwood Advantage). We continue to see decreases in the anticipated revenue from the state of Missouri's education funding formula, transportation and from state sales tax.

3) The fundamental problem is uncertainty about projected revenue and current overall revenue that is flat.

The district's main revenue source as budgeted are:

- local real estate tax
- personal property tax
- merchant and manufacturing (M&M)
- sales tax
- Voluntary Transfer Student revenue (reimbursement of cost of education)
- the State of Missouri Formula for distribution of revenue to school districts
- lesser amounts received from other Local, County, State, and Federal sources

Our largest source for revenue is the local taxes collected from the district's tax levy and the assessed valuation of real and personal property subject to that tax levy. The assessment of property is accomplished by St. Louis and Jefferson counties.

The tax levy is regulated by the Hancock Amendment (1980) which was designed to keep the local revenue of taxing authorities relatively flat. That law limits our growth in local tax revenue year-on-year of the lower of the following:

- 1) the actual growth in assessed valuation (as a percentage) over the prior year;
- 2) the CPI % (Consumer Price Index), or
- 3) 5%.

In the most recent two years and for the next year as projected, the assessed valuation has decreased. In years of decreasing assessed valuation, the taxing authority is allowed to increase the levy to an amount which will produce revenue at the level of the prior year. For FY11 and FY12, the district was allowed to increase the tax levy in order to recover or “recoup” revenue lost in FY10 due to a legislation timing error.

Another revenue based on assessed value is Merchants and Manufacturing which is a tax on businesses. This revenue increases or decreases with changes in assessed valuation. For FY13, these two local sources, assessments and the Merchants and Manufacturing tax, are 63.3% of the total revenue.

Sales tax revenue (7.3%) will remain flat until the economy rebounds. The Voluntary Transfer Student (VICC) revenue is 5.7% of the budget and is projected to decline slightly due to a reduction of students in the program and the effect of the State of Missouri Foundation Formula decrease to the VICC program.

The Foundation Formula represents about 15% of the total annual revenue. Senate Bill 287 (2006) legislated an increase in Formula money for the district of about \$3 million per year for seven years from 2007 through 2013. Due to the economy, those increases are not being received. The district, instead of receiving the anticipated increase in formula revenue, is being held to formula revenue close to the FY10 level as adjusted for student enrollment.

Recent conversations with the Department of Elementary and Secondary Education lead us to believe that the (\$1 million) revenue received through the Formula from summer school attendance as well as a similar amount in transportation funds will be eliminated after FY11.

4) The district has responded to the problem with expenditure cuts and reduced fund balances.

The district has made difficult decisions to protect the Rockwood Advantage in light of these financial challenges. During the past five years **we have cut more than \$22 million** from the district’s annual operating budget of approximately \$200 million.

Most recently, as a result of the Guiding Change process used for developing the FY12 budget, \$5.3 million out of a proposed \$7.8 million was cut from the operating budget.

In response to the continuing revenue issues and in addition to the expenditure cuts, the district has used reserves (fund balances) to meet budget needs. Including the FY12 year as projected, the district has dipped into the reserves for the past four years by approximately \$17 million. The fund balance has reduced from \$53.9 million to \$36.8 million (equal to 18% of operating expenditures) by the end of FY12.

In addition, the Board of Education provided direction to increase fees for the following items:

- Full-day kindergarten tuition from \$3,450 to \$3,625
- High school parking fees from \$100 to \$180
- Football and basketball gate fees to attend high school sports – from \$3 to \$5.

The combination of the proposed cost reductions, revenue generation and fund balance transfers achieves a budget for FY12 as noted below:

Strategies	Proposed Savings
Cost Reduction	\$5,342,660
Revenue Generation	\$440,000
Fund Balance	\$2,092,930
TOTAL	\$7,875,590

**** See pages 8-10 for the list of cost savings actions from 2008-2012 as well as revenue generation options.**

5) Although painful, the cuts to date are insufficient to solve the problem and still preserve the Rockwood Advantage.

These previous cuts were targeted to minimize the direct impact on our students. However, without an increase in revenue, Rockwood will face deeper and more drastic cuts that will directly impact students – far beyond the significant cuts scheduled for next fall. The remaining \$2.5 million previously identified cuts is the starting point for the FY13 budget plan.

These changes are beginning to strike the core of our mission and our reputation for the Rockwood Advantage. The district simply cannot continue its current level of quality without increased revenue.

As we plan for future budgets, with a focus on fiscal responsibility and maintaining the Rockwood Advantage, we need to develop strategies to address the projected shortfall of \$8 - \$16 million for FY13. This projected shortfall is based on these assumptions:

- Assessed values will decrease another 4% in FY12 following the decrease of nearly 4% in FY11 and should partially recover in FY13
- We will recoup the lost FY10 property tax revenues in FY11 and FY12 as provided by state law
- Sales tax revenue will remain relatively flat for FY12 and FY13
- Merchants and Manufacturers (M&M) tax will decrease with assessed valuation decrease
- State Foundation Formula revenue has a 6% reduction factor in FY11 and 9% in subsequent years unless the SAT (State Adequacy Target) is changed or the phasing of the Foundation Formula is altered
- Enrollment will be relatively flat
- The number of VICC students will taper off to 1,880 and 8.3% of total students
- VICC Cost of Education (COE) has been reduced to \$7,500 per student in FY11 and to \$7,000 (or lower) in subsequent years based on the Missouri Foundation Formula funding
- State transportation will be cut by 50% for FY11 and is reported to be eliminated in future years
- Salary increases are forecast to be 3% in FY11 and beyond, based on historical financial model except where altered by Guiding Change savings measures
- Inflation rate (CPI) is estimated 1.5% in FY12 and increasing to 2% for FY12
- Some savings in the current budget will not be maintained past FY11

Given these assumptions, along with anticipated revenue decreases and previous budget reductions, it must be noted **if there is no revenue replacement the Rockwood Advantage will be threatened.** Rockwood has limited ability to impact revenue sources. The largest revenue source is from local taxes, which is state regulated (Hancock Amendment). Currently, revenue from local tax sources is not growing. To generate the funds required to continue the Rockwood Advantage, an increase in our local tax revenue would need to be considered. Rockwood cannot maintain its tradition of quality and competitiveness without increased revenue, particularly in light of neighboring districts' tax rates, assessed valuations, staff and salary packages, and programs/services.

Ultimately, our work will be guided by the following question: *“What options allow us to align resources with our Strategic Plan and will position us for development of a sustainable budget for FY13 and beyond in order to maintain the Rockwood Advantage?”*

Context and Reality:

The Rockwood Advantage (Achievements and Recognitions)

District and School Awards:

- Rockwood has 10 National Blue Ribbon Schools.
- The school district has **14 Missouri Gold Star Schools of Excellence**.
- Rockwood was named the 2009 recipient of the **Connect-ED® Leadership through Communication Award**.
- The district received the **What Parents Want Award from SchoolMatch**, a research company that collects and audits information about public and private elementary and secondary schools.
- All four Rockwood high schools are on **Newsweek's America's Best High Schools** list.

Academic Achievement:

- Rockwood students are performing at high levels in the content areas of **Reading, Language Arts, Mathematics, Science and Social Studies** on state assessment tests.
- **Missouri Assessment Program (MAP)** results show 74.3 percent of all students scored at the top levels for communication arts. In math, 71.0 percent of all students scored in the top levels: Advanced and Proficient.
- On the **American College Test (ACT)**, Rockwood students average a composite score of 24.3, outperforming the state average of 21.6 and the national average of 21.1.
- Eighteen Rockwood students are **National Merit Semifinalists** with the 2011 National Merit® Scholarship Program, an exclusive academic competition for recognition and scholarships.
- Thirty-seven Rockwood students are **National Merit Commended** students as recognized by the 2011 National Merit® Scholarship Program.
- The **graduation rate** for Rockwood is 94.7 percent. The dropout rate for Rockwood is 1.2 percent.

Highly Qualified Staff

- The majority, **72.82 percent**, of all Rockwood teachers have master's degrees
- Teachers have experience, an average of **12.5 years** in the classroom.
- Under the federal mandate of No Child Left Behind, **98 percent of all Rockwood teachers are recognized as being highly qualified**.
- A Rockwood elementary teacher was named a finalist in the **2010-2011 Missouri Teacher of the Year Program**.
- A Rockwood science teacher was named as a finalist in the **2009-2010 Missouri Teacher of the Year Program**.
- Four Rockwood elementary teachers are recognized for their accomplishments and contributions by the **National Association of School Psychologists (NASP)**.
- Sixty-five Rockwood teachers have earned the profession's top honor in teaching excellence, **National Board Certification**.
- A Rockwood physical education teacher named the **2009 Young Professional of the Year** by the Missouri Association for Healthy, Physical Education, Recreation and Dance (MOAHPERD).
- Rockwood counselors were named by the Missouri School Counselor Association as **2009 Middle School and 2010 Elementary School Missouri Counselors of the Year**.
- The Rockwood Director of K-12 Social Studies was elected to the **Board of Directors of the National Council for Social Students (NCSS)**.

Context and Reality:

Cost Savings Actions

The table below outlines the reductions from 2008-2012.

COST SAVINGS ACTIONS	
FY2007-08	
Early Separation Incentive Plan (ESIP)	1,332,000
Attrition	800,000
Curriculum & Instruction implementation	1,000,000
Building Fund	<u>239,000</u>
	\$3,371,000
FY2008-09	
Overall costs decreased	377,000
Attrition	<u>800,000</u>
	\$1,177,000
FY2009-10	
Attrition	1,913,000
Curriculum & Instruction Implementation	1,500,000
Capital	1,481,500
Districtwide cost reductions	594,000
Travel	100,000
Substitutes used to release teachers for committee work	<u>100,000</u>
	\$5,688,500
FY2010-11	
Transportation	700,000
Summer School	100,000
Curriculum and Instruction implementation - Salaries and Benefits	500,000
Center for Creative Learning enrollment 15%	120,000
Zero Hour - Salaries	200,000
Driver's Ed - Salaries	220,000
Substitutes used for teacher travel	100,000
Other staff related cost reductions	1,579,000
Bldg Fund & Technology costs moved to Bond Fund	851,000
Travel cost	250,000
Technology	75,000
Communications Department	100,000
Freeze furniture purchases for two years	250,000
Curriculum and Instruction implementation - Non-Salary	500,000
All travel budget, department budget and school/student based allocation	750,000
Fund transfer from Community Education funds	<u>500,000</u>
	\$6,795,000

Cost Savings Actions

The table below outlines the proposed reductions for 2012 and the **total reduction** for 2008-2012.

COST SAVINGS ACTIONS	
PROPOSED FY 2011-12	
Reduce premium cost for Property, Liability, Workmen's comp (M.U.S.I.C.)	500,000
Renegotiate First Student bus contract - contract extension savings	500,000
Reduce Technology Dept. administrators by one (note: total cost savings reduced by adding a classified supervisor)	50,000
Reduce Center for Creative Learning (CCL) by two staffing points	120,000
Reduce administrator salary increases from 3% to 0.0%	344,000
Reduce district voice/data budget - VoIP cost savings	25,000
Reduce printing costs	25,000
Centralize purchasing of supplies	250,000
Reduce number of parking lot attendants	103,000
Eliminate Nettekter web search tool	19,000
Eliminate on line training tool - How to Master	16,000
Eliminate Maps 101 software	20,000
Reduce A+ budget	5,500
Reduce Character Education budget	6,000
Reduce Assessment and Grading budget	37,000
Reduce building technology allocation (20%)	150,000
Reduce consultants for Curriculum and School Leadership	100,000
Eliminate stipend for middle school leadership	24,000
Eliminate stipend for elementary grade level team leaders	20,000
Eliminate stipends for elective professional development summer workshops	262,000
Freeze Extra Curricular Activity increases	70,000
Reduce amount spent for employee service awards	5,000
Eliminate paying for National Board Certified Teacher (NBCT) training	15,160
Eliminate Professional Development Department grants	8,000
Reduce support staff increases from 3% to 0.0% (staff not covered by existing negotiated agreements)	588,000
Freeze Rockwood Instructional Technology Teaching Strategies (RITTS) program - no teacher adds for FY12	28,000
Eliminate Science Olympics event for elementary	10,000
Eliminate science trips, substitutes and stipends for Smoky Mountains (grade 5), Tetons (middle school), and Marine Science (middle and high school)	52,000
Eliminate science mobile lab	20,000
Reduce the number of counselors by reviewing staffing ratio	600,000
Reduce Curriculum Instructional Coaches by four	240,000
Reduce Middle School points by six	360,000
Reduce high school points eight	480,000
Eliminate driving portion of Drivers Education	240,000
Reduce zero hour budget	<u>50,000</u>
	\$5,342,660
Grand Total	<u>\$22,374,160</u>

Context and Reality:

FY 12 Revenue Generation

FY12 Proposed Revenue Generation		
Overall Priority	Item	Revenue
1	FDK increase fees	\$150,000.00
2	Increase HS parking fees \$180	\$240,000.00
3	High school sports gate receipts - increase fees from \$3 to \$5; eliminate special contributions to charitable causes	\$50,000.00

Items for Future Study

Overall Priority	Item	Revenue
1	MSHSAA fees pay to play	\$700,000.00
2	Charge for ridership under 3.5 miles	\$1,600,000.00
3	Eliminate senior incentive	\$120,000.00

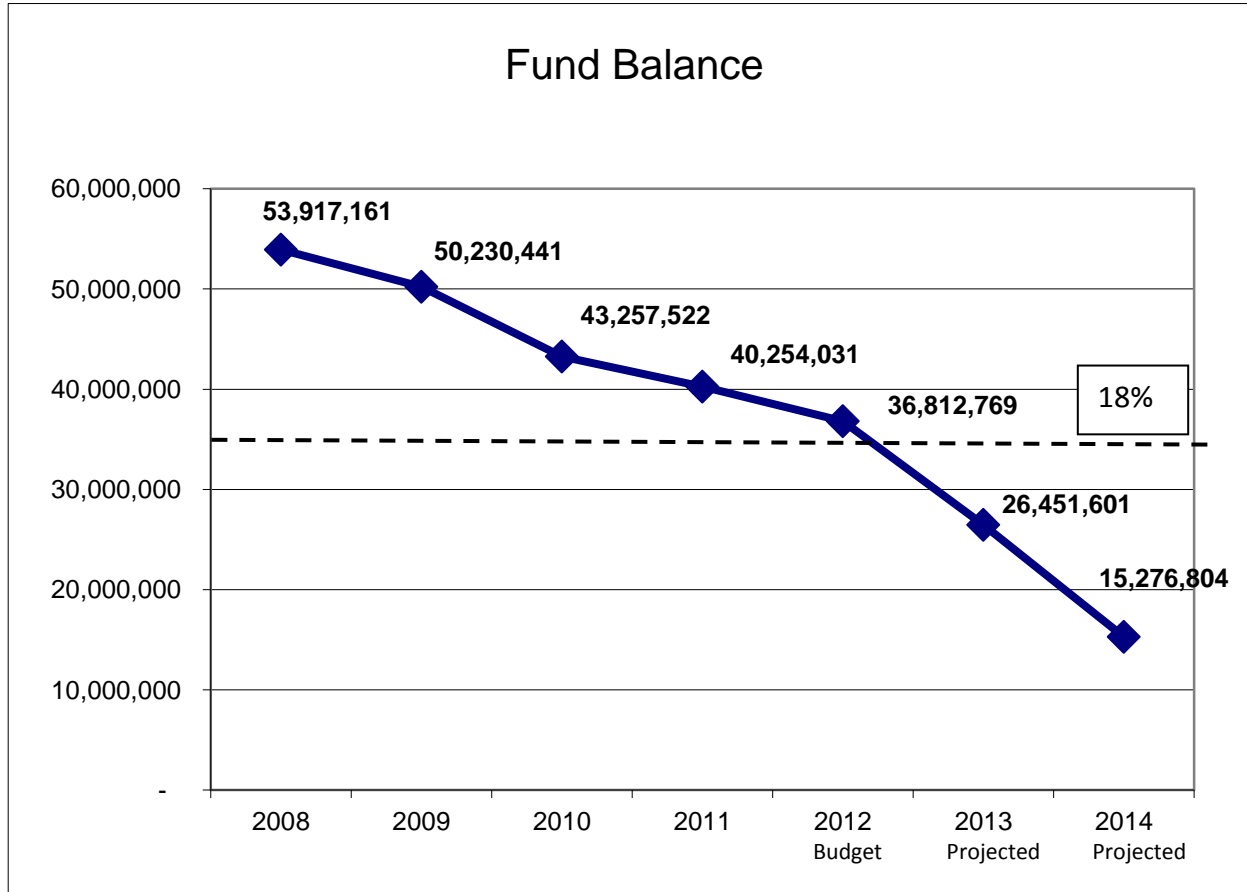
Context and Reality:

Fast Facts

- Current Board of Education policy requires an operating fund balance equal to 18% of the operating expenditures as well as a goal for a 4% stabilization fund (*Policy 3117 – Budget Reserves)
- Each 1% of salary and benefits for all staff cost \$1.7 million (operating funds only)
- Each “point” (FTE – full time equivalent of a teacher) costs \$60,000 inclusive of benefits. A one-point reduction at each high school would save approximately \$240,000
- A two-point reduction at each high school would save approximately \$480,000
- An equal staff ratio across the middle schools would produce \$180,000 savings
- An increase in class size of one student at the elementary level would save approximately \$420,000
- An increase, in class size, of two students at the elementary level would save approximately \$1,080,000
- Rockwood’s tax levy currently represents approximately 60% of the typical district resident’s total real estate tax
- Rockwood’s portion of real estate tax on an average (\$250,000) residence for FY2010-11 would be approximately \$2,030 at the 19% assessment rate
- That same \$250,000 residence would see an increase of approximately \$48.00 annually for each 10 cents of tax levy increase
- Each 10 cents of tax levy increase produces approximately \$3.2 million of additional revenue at the current collection rate
- A voter increase in the tax rate would result in the following revenue increases: 32 cents = \$10.2 million; 42 cents = \$13.4 million; 52 cents = \$16.6 million and 62 cents = \$19.8 million
- The last time Rockwood passed a tax levy was in April 1994 and received a \$1.23 tax increase
- Rockwood is considered a “Formula” district versus a “Hold-Harmless” district for the Missouri State Foundation Formula calculation
- The number of years Rockwood had/will have a deficit in operating funds in the following periods: From 1996 to 2008 – 3 in 13; From 2009 to 2012 – 4 in 4 and From 2009 to 2014 - 6 in 6
- The projected deficit for FY13 could range from \$8 million to \$16 million
- With no changes to projected operating results through FY14, the district will use \$38.6 million of fund balances which were \$53.9 million in FY08 (72%)
- The Fund Balance in FY14 would end at \$15.3 million and be only 7% of operating expenditures

Context and Reality:

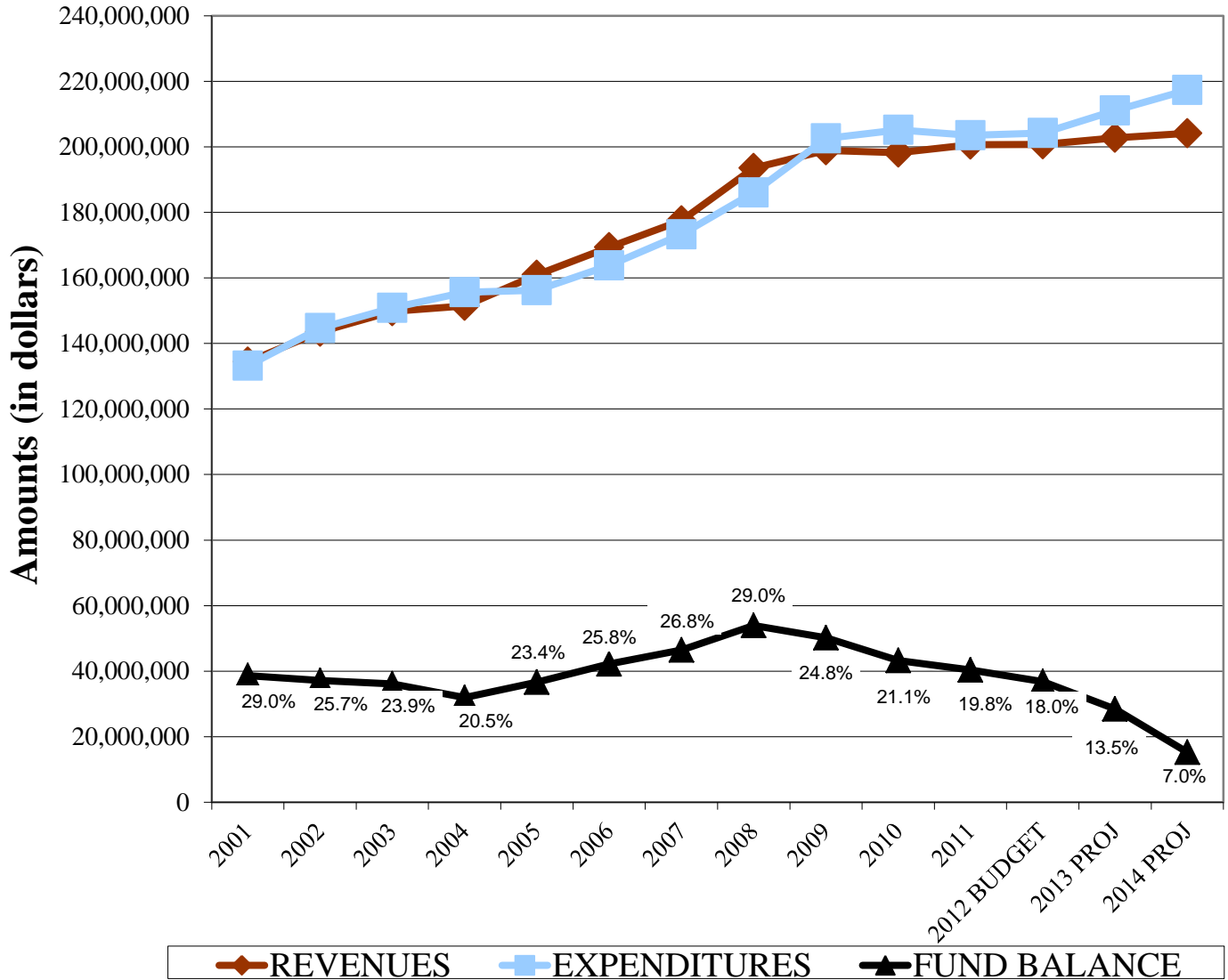
Five Year Financial Projection
Base Model
Fund Balance Change



Context and Reality:

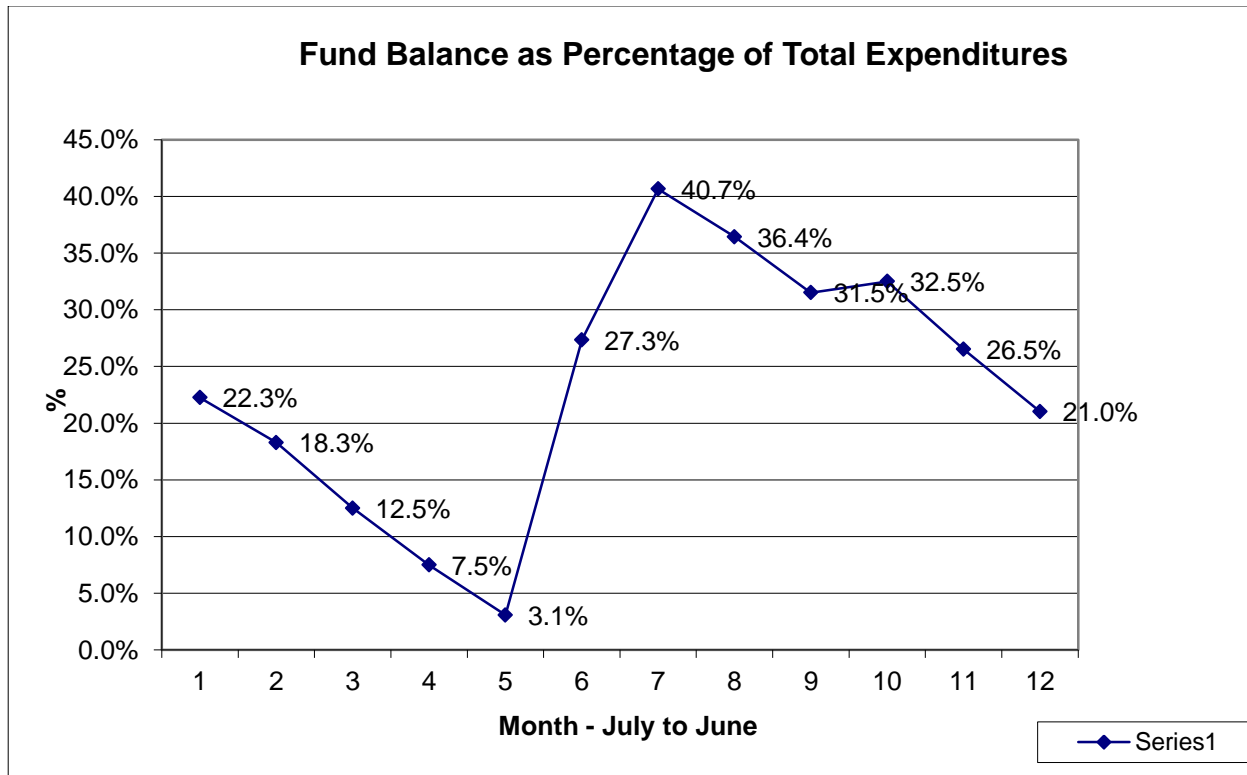
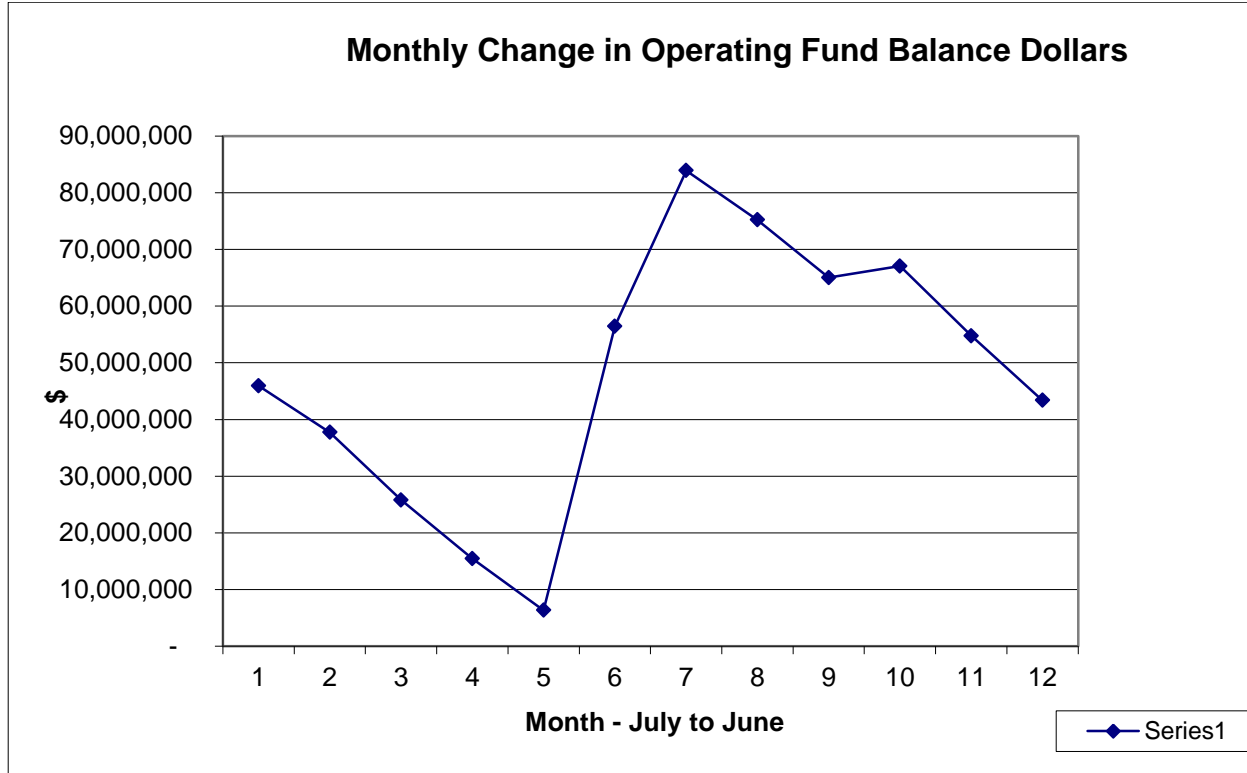
Operating Funds – History and Forecast

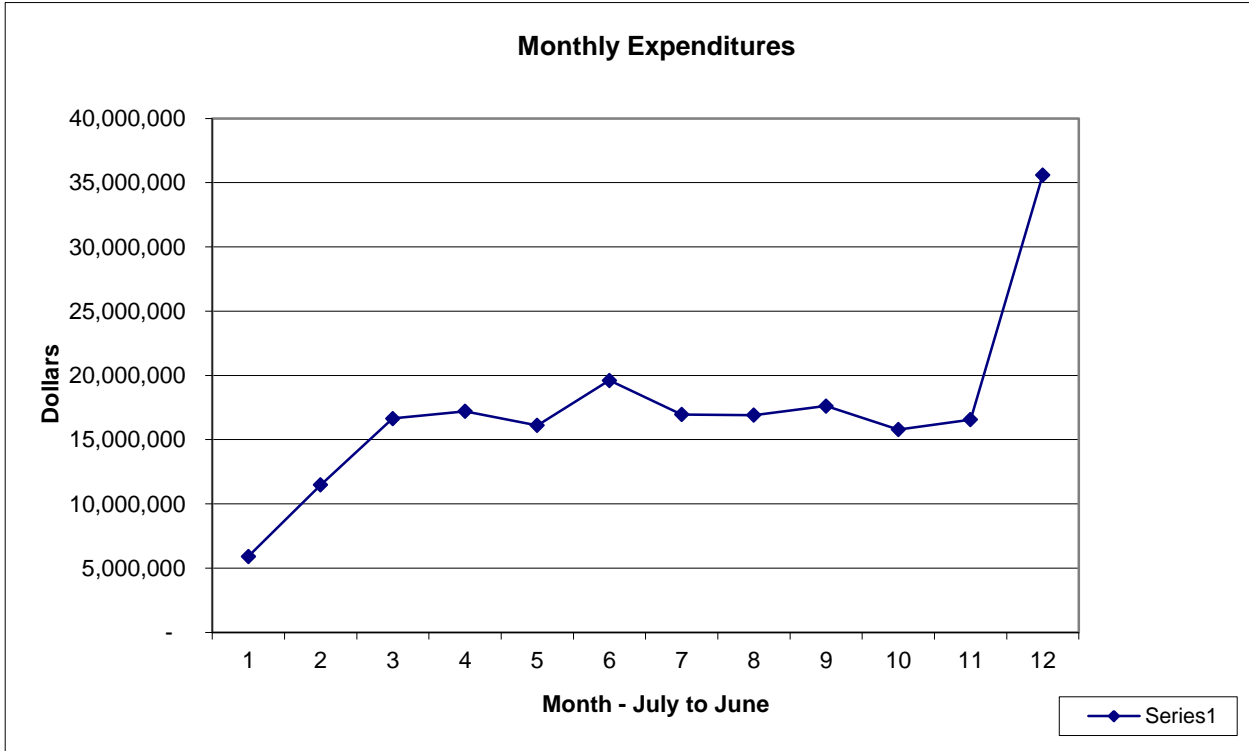
Rockwood School District Net Operating Budget and Fund Balance



Context and Reality:

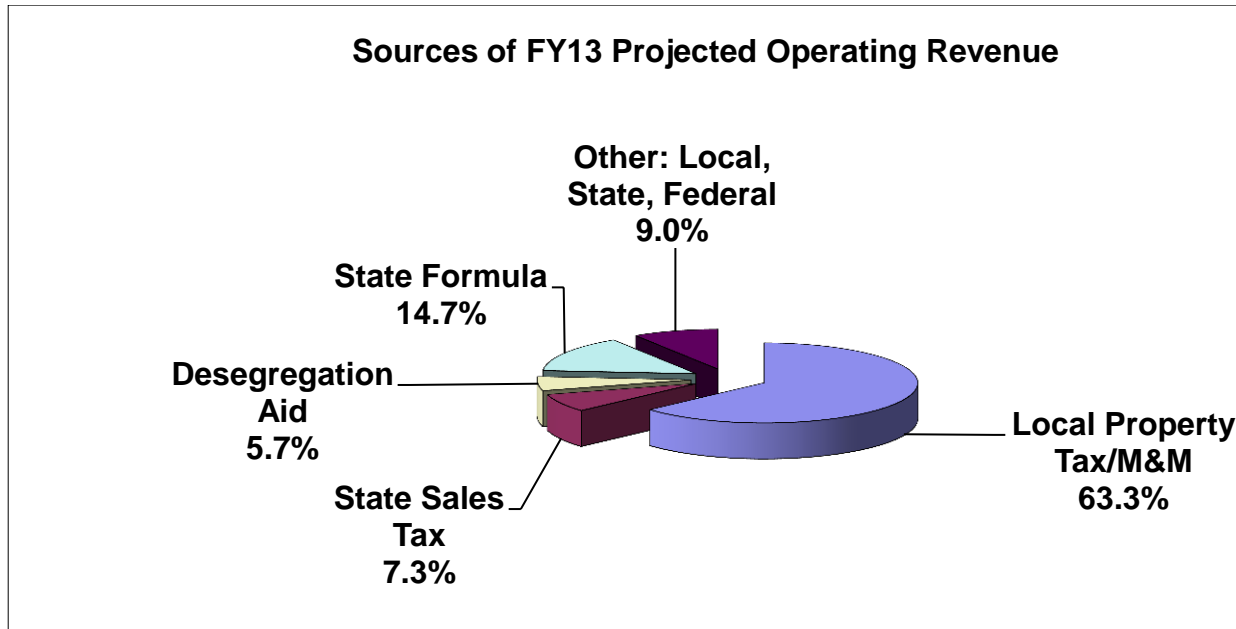
Operating Funds – Change in Fund Balance by Month





Context and Reality:

Operating Funds – Sources of Revenue



Context and Reality:

Operating Funds – Results of Operations (Millions \$) – History, Budget, Projection

	2007-08	2008-09	2009-10	Budget 2010-11	Projected		
					2011-12	2012-13	2013-14
Revenue							
Local	\$152.8	\$159.7	\$155.1	\$159.2	\$159.1	\$158.5	\$159.6
County	2.5	2.4	2.6	2.6	2.7	2.7	2.8
State	28.6	30.7	32.9	32.8	32.9	35.4	35.5
Federal	4.0	5.2	6.9	5.9	5.9	6.0	6.2
Other	<u>5.6</u>	<u>0.9</u>	<u>0.7</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
Total Revenue	\$193.5	\$198.9	\$198.2	\$200.6	\$200.7	\$202.7	\$204.2
Increase year over year		2.8%	-0.4%	1.2%	0.0%	1.0%	0.7%
Expenditures							
Salary/Benefits	\$147.2	\$160.0	\$166.8	\$170.9	\$172.7	\$178.8	\$184.0
Transportation	8.1	8.3	8.6	8.4	8.1	8.4	8.6
Building Fund	7.5	8.8	5.6	3.2	3.3	3.4	3.5
Other - Gen. Fund	<u>23.2</u>	<u>25.5</u>	<u>24.2</u>	<u>21.0</u>	<u>20.1</u>	<u>20.5</u>	<u>21.2</u>
Total Expenditures	\$186.0	\$202.6	\$205.2	\$203.5	\$204.2	\$211.1	\$217.3
Increase year over year		8.9%	1.3%	-0.8%	0.3%	3.4%	2.9%
Change Fund Balance	\$7.5	\$ (3.7)	\$ (7.0)	\$ (2.9)	\$ (3.5)	\$ (8.4)	\$ (13.1)
Beginning Fund Balance	\$46.4	\$53.9	\$50.2	\$43.2	\$40.3	\$36.8	\$28.4
Ending Fund Balance	\$53.9	\$50.2	\$43.2	\$40.3	\$36.8	\$28.4	\$15.3
	29.0%	24.8%	21.1%	19.8%	18.0%	*13.5%	*7.0%

* **NOTE:** This is below the Board of Education Policy for Operating Fund Balance of 18%.

Context and Reality:

Overview of Fund Balance Changes with and without Tax Increase

Q. What is the deficit anticipated for FY13?

A. The deficit could range from \$(8) million to \$(16) million.

Q. Why?

A. Currently, we are projecting a deficit of \$(8,361,168) in **FY13**. The facts included/affecting that projection are:

- Zero transportation revenue
- Zero summer school revenue
- Attrition level is even with prior years
- Capital carry-over from FY12 and to FY14 is flat
- Jobs bill revenue (\$1.7 million) is anticipated to be in the DESE Foundation Formula with the (9%) proration factor
- Foundation Formula phase-in percentages is expected to remain at percentages legislated in 2006
- State Adequacy Target, which drives the Foundation Formula, is anticipated to remain at \$6,131, as legislated in 2006

If DESE distributes transportation revenue at the 2011 level, we could see a FY13 fund balance deficit of \$1 million better than is projection.

If DESE includes the ADA (average daily attendance) for summer school, we could see a FY13 fund balance deficit of \$1 million better than is projected.

If the anticipated pent-up retirements happen before June 2012 (for FY13), we could see a FY13 fund balance deficit improve by \$200,000 for each increase of 10 certificated staff members.

If we carry less capital projects in FY14 than were carried forward to FY13, the deficit could worsen (the opposite is also true – the carry forward was \$729,000 from FY10 to FY11).

If the Federal ARRA jobs bill revenue is distributed by DESE in FY12, the Foundation Formula proration factor will be (about) 9% as is projected.

If the Foundation Formula is changed to lengthen the phase-in process, as recommended by Legislators, the formula revenue could be lower by \$3.3 million annually. This assumes the phase-in period would extend out to 2016 and the proration factor would be lowered to 4% from 9%.

If the Foundation Formula were altered by the amount of the State Adequacy Target currently used in the calculation, the result would be lower revenue by \$7.9 million each year beginning with FY13. The target is now \$6,131 for FY13. DESE's Deputy Commissioner, Ron Lankford, is discussing a target of \$5,612. This scenario anticipates no proration factor will be required.

**** See page 19 for the chart**

Context and Reality:

FY13 and FY14 Sustainable Budget Guiding Change – Overview of Fund Balance Changes with Tax Increases assuming \$5.3 million savings, no Transportation or Summer School Revenue

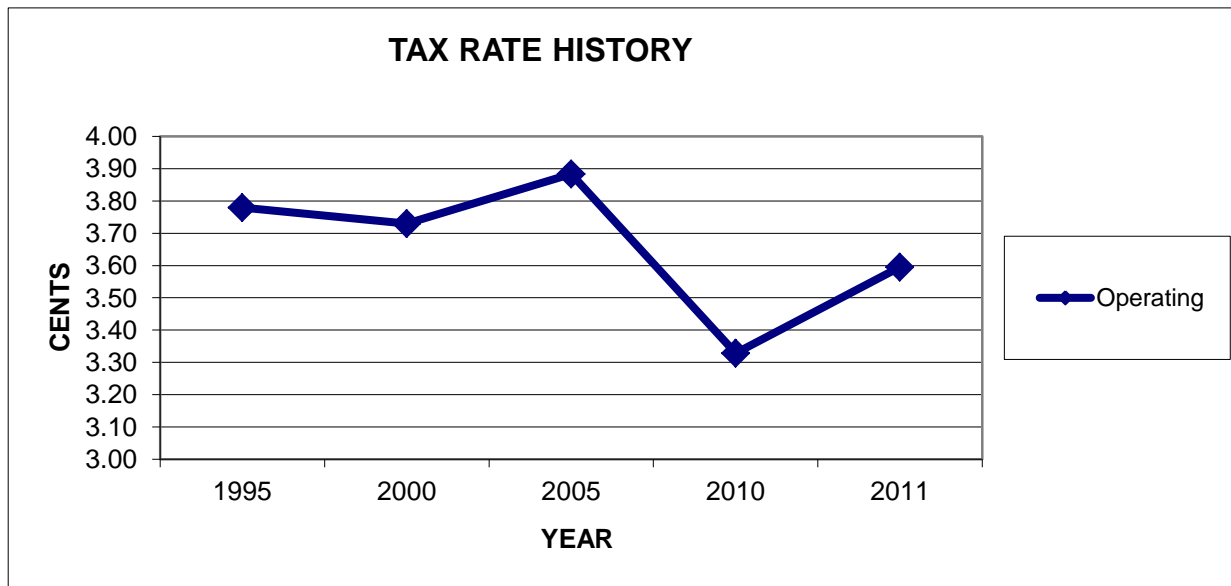
Base Year - no changes in formula beyond 9% proration factor					Variance from the 18% BOE policy
	<u>2012-13</u>		<u>2013-14</u>		
Fund Balance Change:	\$(8,361,168)	13.48%	\$(13,174,798)	7.03%	-10.97%
Fund Balance Change with Tax Increase:					
.32 tax increase	\$1,851,780	18.32%	\$(2,105,699)	16.82%	-1.18%
.42 tax increase	5,043,327	19.83%	1,353,394	19.88%	1.88%
.52 tax increase	8,234,873	21.34%	4,812,487	22.94%	4.94%
.62 tax increase	11,426,419	22.86%	8,271,580	26.00%	8.00%
					Services restored or/Tax rate lowered
<u>Base Year/Formula Phase-in with Proration factor</u>					
	<u>2012-13</u>		<u>2013-14</u>		
Fund Balance Change:	\$(11,632,187)	11.49%	\$(15,878,060)	3.85%	-14.15%
Fund Balance Change with:					
.32 tax increase	\$(1,419,239)	16.33%	\$(4,808,961)	13.64%	-4.36%
.42 tax increase	1,772,308	17.84%	(1,369,686)	16.70%	-1.30%
.52 tax increase	4,963,854	19.35%	2,109,225	19.76%	1.76%
.62 tax increase	8,155,401	20.86%	5,568,318	22.82%	4.82%
<u>Base Year/SAT change (State Adequacy Target to \$5612)</u>					
	<u>2012-13</u>		<u>2013-14</u>		
Fund Balance Change:	\$(16,293,025)	-8.28%	\$(21,423,929)	-0.42%	-18.42%
Fund Balance Change with:					
.32 tax increase	\$(6,080,076)	14.56%	\$(10,354,830)	9.38%	-8.62%
.42 tax increase	(2,888,530)	16.07%	(6,895,737)	12.44%	-5.56%
.52 tax increase	303,016	17.59%	(3,436,644)	15.50%	-2.50%
.62 tax increase	3,494,563	19.10%	22,449	18.56%	0.56%

Context and Reality:

Tax Rate History

Year	Tax Rate Change
2010-11	4.2752
2009-10	4.0083
2008-09	3.9232
2007-08	3.9987
2006-07	4.4177
2005-06	4.5074
2004-05	4.6334

	<u>Operating</u>	<u>Debt Service</u>	<u>Total</u>	
2011	\$3.5952	\$0.68	4.2752	(.3582) below the high of 2005
2010	3.3283	0.68	4.0083	(.625) rollback in past 5 years
2005	3.8834	0.75	4.6334	
2000	3.7300	0.75	4.4800	
1995	3.7800	0.75	4.4300	



Context and Reality:

St. Louis County 2010 Property Tax Rate Comparison

School District Property Tax Rates (Source: St. Louis County Collector's Office)		
	2010 Rate	% Increase
Special School District	0.9950	6.03
Ladue	3.1000	4.03
Lindbergh	3.1300	0
Bayless	3.2810	2.18
Brentwood	3.4330	15.33
Mehlville	3.5470	2.74
Parkway	3.5670	4.61
Clayton	3.7430	3.17
Pattonville	4.0770	11.06
Hancock Place	4.1680	2.07
Kirkwood	4.1870	2.51
*Rockwood	4.2750	6.66
Ritenour	4.6230	8.28
Ferguson-Florissant	4.6410	0
University City	4.6620	10.73
Valley Park	4.7170	3.33
Maplewood-Rich. Hts.	4.9880	21.77
Affton	5.0280	6.18
Riverview Gardens	5.1770	8.05
Jennings	5.5000	8.73
Webster Groves	5.5780	14.74
Hazelwood	6.2200	3.01
Normandy	6.2500	6.79

Context and Reality:

2009-10 Expenditures per Average Daily Attendance (ADA) St. Louis County Comparison

DISTRICT NAME	EXPENDITURES PER WEIGHTED AVERAGE DAILY ATTENDANCE
RITENOUR	\$6,344
BAYLESS	7,139
MEHLVILLE R-IX	7,558
RIVERVIEW GARDENS	8,509
* ROCKWOOD R-VI	8,561
LINDBERGH SCHOOLS	8,742
HANCOCK PLACE	9,141
AFFTON 101	9,192
HAZELWOOD	9,283
VALLEY PARK	9,715
WEBSTER GROVES	10,160
PARKWAY C-2	10,543
JENNINGS	10,561
KIRKWOOD R-VII	11,161
UNIVERSITY CITY	11,332
PATTONVILLE R-III	11,707
FERGUSON-FLORISSANT R-II	11,717
NORMANDY	12,162
LADUE	12,447
MAPLEWOOD-RICHMOND HEIGHTS	13,447
BRENTWOOD	14,880
CLAYTON	16,188

*** Rockwood ranks #274 out of 521 school districts statewide.**

Context and Reality:

2009-10 Assessed Value per Average Daily Attendance (ADA) Comparison

DISTRICT NAME	ENROLLMENT	(ADA) AVG DAILY ATTENDANCE	ASSESSED VALUE	ASSESSED VALUATION BY ADA
JENNINGS	3,009	2,824.46	\$124,133,260	\$43,949
RIVERVIEW GARDENS	6,652	5,874.39	\$258,480,090	\$44,001
HANCOCK PLACE	1,610	1,521.34	\$73,400,400	\$48,247
NORMANDY	4,170	4,013.00	\$274,904,240	\$68,503
FERGUSON-FLORISSANT R-II	11,717	11,085.42	\$1,079,611,000	\$97,390
RITENOUR	6,344	5,925.18	\$593,331,120	\$100,137
BAYLESS	1,621	1,494.88	\$159,569,310	\$106,744
HAZELWOOD	18,378	17,343.28	\$1,931,441,590	\$111,365
*ROCKWOOD R-VI	22,382	20,788.39	\$3,515,636,323	\$169,115
AFFTON 101	2,476	2,316.94	\$404,957,950	\$174,781
VALLEY PARK	1,016	963.27	\$173,490,950	\$180,106
MEHLVILLE R-IX	10,816	9,749.11	\$1,777,204,260	\$182,294
WEBSTER GROVES	4,248	3,881.11	\$728,663,570	\$187,746
UNIVERSITY CITY	3,188	2,976.09	\$613,640,010	\$206,190
LINDBERGH SCHOOLS	5,685	5,186.66	\$1,300,553,490	\$250,750
PATTONVILLE R-III	5,518	5,540.72	\$1,419,428,410	\$256,181
PARKWAY C-2	17,386	16,226.14	\$4,448,004,710	\$274,126
KIRKWOOD R-VII	4,996	4,517.79	\$1,242,098,790	\$274,935
MAPLEWOOD-RICHMOND HEIGHTS	1,034	954.66	\$293,023,740	\$306,940
LADUE	3,799	3,602.20	\$1,482,073,350	\$411,436
BRENTWOOD	803	752.49	\$323,996,590	\$430,566
CLAYTON	2,478	2,343.06	\$1,050,174,880	\$448,207

Context and Reality:

2009-10 Fund Balance Comparison by Districts

School District Fund Balances – Incidental and Teachers Fund (Source: DESE – 2009-10)	
	2010 Percentage
Clayton	44.46
Valley Park	43.83
Kirkwood	36.95
Special School District	33.91
Lindbergh	33.41
Riverview Gardens	30.34
Ritenour	26.13
Pattonville	26.08
Afton	24.47
Hazelwood	24.31
Bayless	24.25
Parkway	23.72
Ladue	22.97
Rockwood	22.89 ←
Brentwood	22.12
Jennings	20.3
Ferguson-Florissant	18.75
Maplewood-Rich. Hts.	18.22 *
Mehlville	16.66
Webster Groves	13.57
University City	12.55
Normandy	3.62
Hancock Place	3.17

NOTE: Fund balances here are not “operating” fund balances. These numbers include Community Education, Child Nutrition Services, and Student Activity figures and do not include capital funds figures.

* Rockwood will end FY12 at 18%.

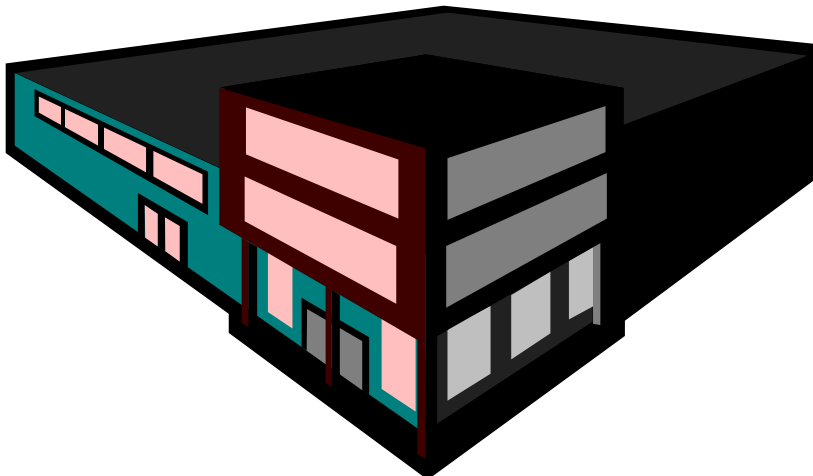
Context and Reality:

COMPARISON OF RESIDENTIAL AND COMMERCIAL TAX PAYERS



If an average lot size is $\frac{1}{2}$ acre, a 10-acre area yields 20 houses.

At \$250,000 average cost and assessed at 19%, they would produce \$40,600 real estate tax plus personal property tax of about \$14,200 – an amount that would educate **5.6** students.



The same 10 acres occupied by Bill's Big Box Store assessed at 32% would generate \$90,300 real estate tax plus \$26,100 personal property tax – an amount that would educate **11.9** students.

Context and Reality:

Homes Contributing to One Student's Education

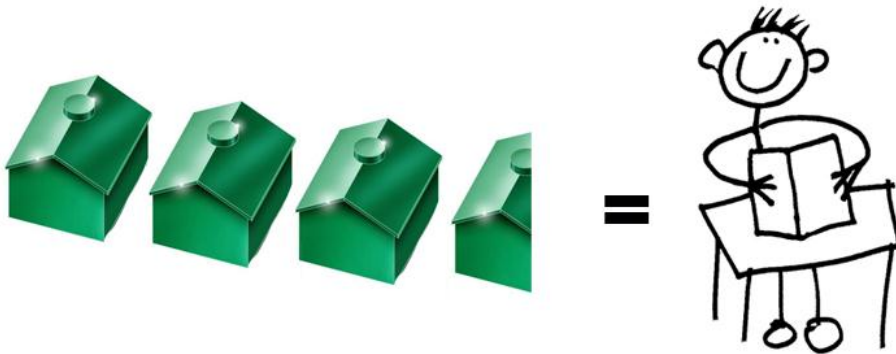
Average Daily Attendance (ADA)	
Resident	19,023
VICC	1,750
Total ADA	20,773
Operating Expenditures	\$203,500,000
	=\$9,796 per student

To determine Rockwood School District's property taxes on one home:

Home assessed value: \$250,000

$\$250,000 \times 19\% \div 100 \times 4.2752$ (tax rate) = \$2,030 ± (property tax amount) + \$712 (estimated personal property) = **\$2,742**

With the formula above for operating expenditures per student (current), it takes taxes from 3.6 houses in Rockwood to equal the cost to educate a student.



2009-10 Assessed Value per Average Daily Attendance (ADA)* Comparison

DISTRICT NAME	ENROLLMENT	(ADA) AVG DAILY ATTENDANCE	ASSESSED VALUE	ASSESSED VALUATION BY ADA
JENNINGS	3,009	2,824.46	\$124,133,260	\$43,949
RIVERVIEW GARDENS	6,652	5,874.39	\$258,480,090	\$44,001
HANCOCK PLACE	1,610	1,521.34	\$73,400,400	\$48,247
NORMANDY	4,170	4,013.00	\$274,904,240	\$68,503
FERGUSON-FLORISSANT R-II	11,717	11,085.42	\$1,079,611,000	\$97,390
RITENOUR	6,344	5,925.18	\$593,331,120	\$100,137
BAYLESS	1,621	1,494.88	\$159,569,310	\$106,744
HAZELWOOD	18,378	17,343.28	\$1,931,441,590	\$111,365
*ROCKWOOD R-VI	22,382	20,788.39	\$3,515,636,323	\$169,115
AFFTON 101	2,476	2,316.94	\$404,957,950	\$174,781
VALLEY PARK	1,016	963.27	\$173,490,950	\$180,106
MEHLVILLE R-IX	10,816	9,749.11	\$1,777,204,260	\$182,294
WEBSTER GROVES	4,248	3,881.11	\$728,663,570	\$187,746
UNIVERSITY CITY	3,188	2,976.09	\$613,640,010	\$206,190
LINDBERGH SCHOOLS	5,685	5,186.66	\$1,300,553,490	\$250,750
PATTONVILLE R-III	5,518	5,540.72	\$1,419,428,410	\$256,181
PARKWAY C-2	17,386	16,226.14	\$4,448,004,710	\$274,126
KIRKWOOD R-VII	4,996	4,517.79	\$1,242,098,790	\$274,935
MAPLEWOOD-RICHMOND HEIGHTS	1,034	954.66	\$293,023,740	\$306,940
LADUE	3,799	3,602.20	\$1,482,073,350	\$411,436
BRENTWOOD	803	752.49	\$323,996,590	\$430,566
CLAYTON	2,478	2,343.06	\$1,050,174,880	\$448,207

***Average Daily Attendance (ADA)**

The state funds school districts based on adjusted student attendance, also known as Average Daily Attendance (ADA) hours. ADA is calculated by dividing the total number of hours of student attendance by the number of days of school scheduled during the same period.

Desired Results

The overall desired result of this process is to develop a sustainable balanced budget for FY13 and beyond that preserves the Rockwood Advantage. With this goal in mind, the options will:

- be developed following a review of all aspects of our current system and allocation of resources. We will then identify adjustments that result in our district more effectively aligning resources with our Strategic Plan
- put us in a position to continue to move towards our vision of continuously improving in every aspect of our performance to empower students to command their future
- reflect our district's core values
- position our district to make effective decisions in the future by reflecting internal and external influences and trends
- be developed after soliciting stakeholder input (both qualitative and quantitative, representative of the district's demographics)
- identify sources of replacement revenue
- identify operating fund budget reductions
- maintain fund balances according to Board policy

Unacceptable Means

In creating viable options, **we will not:**

- violate state statute or negotiated agreement
- violate Rockwood Board of Education policy
- make arbitrary percentage-based program reductions
- create inconsistent staffing ratios among school buildings
- refrain from looking at all programs, departments, and budget line items
- make short-term decisions that sacrifice long-term strategic goals
- eliminate cost-beneficial programs that have documented improved student learning
- utilize non-sustainable ideas or strategies

Decision Making Process Map

Stakeholders	Choice Makers	Option Creators
INPUT TEAM	DECISION MAKERS	DESIGN TEAM
Stakeholders	School Board	District Leadership (Cabinet)
Parents Staff Community Members		Superintendent Asst. Supt. Admin. Services Asst. Supt. Human Resources Chief Financial & Leg. Affairs Officer Chief Information Officer Chief Communications Officer Exec. Dir. Curriculum & School Leadership
Key Meetings	Key Meetings	Key Meetings
Mtg. 7 (Staff Key Communicators): Jan. 26	Mtg. 5 (BOE Work Session): Jan. 20	Mtg. 1: Jan. 3
Mtg. 8 (Pres. Forum): Jan. 26	Mtg. 10 (BOE Mtg.): Feb. 3	Mtg. 2: Jan. 4
Mtg. 11 (Supt's Forum/RNEA): Feb. 7	Mtg. 18 (BOE Mtg.): Feb. 17	Mtg. 3: Jan. 11
Mtg. 12 (Admin Council): Feb. 8	Mtg. 23 (BOE Mtg.): March 10	Mtg. 4: Jan. 18
Mtg. 13 (Building Input Mtgs.): Feb.10 - March 4	Mtg. 30 (BOE Mtg.): March 31	Mtg. 6: Jan. 25
Mtg. 14 (Pres. Forum): Feb. 9	Mtg. 34 (BOE Reorganization Mgt.): April 7	Mtg. 9: Feb. 1
Mtg. 16 (Stakeholder Mtg. @ EHS): Feb. 15	Mtg. 41 (BOE Mtg.): April 28	Mtg. 15: Feb. 15
Mtg. 17 (Stakeholder Mtg. @ RSHS): Feb. 16	Mtg. 43 (BOE Mtg./Tentative Presentation): May 5	Mtg. 19: Feb. 22
Mtg. 20 (Stakeholder Mtg. @ CMS): Feb. 28	Mtg. 44 (BOE Info. Session): May 6-May18	Mtg. 21: March 1
Mtg. 24 (Supt's Council): March 15	Mtg. 47 (BOE Mtg.): May 19	Mtg. 22: March 8
Mtg. 33 (Pres. Forum/Option Discussion): April 6	Mtg. 50 (BOE Work Session): June 2	Mtg. 25 (Option Development): March 16
Mtg. 35 (Admin Council): April 12	Mtg. 53 (BOE Mtg.): June 16	Mtg. 26 (All Day Cabinet): March 17
Mtg. 36 (Internal Communicators): April 13	Mtg. 57 (BOE Mtg.): July 14	Mtg. 27: March 22
Mtg. 37 (Supt's Forum/RNEA): April 14	Mtg. ?: BOE Mtg./First Reading: Aug. 4	Mtg. 28 (All Day Cabinet): March 29
Mtg. 39 (Stakeholder Input/Option Discussion): April 19	Mtg. ?: BOE Mtg./Second Reading: Aug. 18	Mtg. 29 (All Day Cabinet): March 31
Mtg. 46 (Supt's Council): May 17		Mtg. 31 (All Day Cabinet): April 1
		Mtg. 32: April 5
		Mtg. 38: April 19
		Mtg. 40: April 26
		Mtg. 42: May 3
		Mtg. 45: May 10
		Mtg. 48: May 24
		Mtg. 49: May 31
		Mtg. 51: June 7
		Mtg. 52: June 14
		Mtg. 54: June 21
		Mtg. 55: June 28
		Mtg. 56: July 12
		Mtg. ?: July 19
		Mtg. ?: July 26
		Mtg. ?: Aug. 2
		Mtg. ?: Aug. 16
		Mtg. ?: Aug. 23
		Mtg. ?: Final Date - Ballot Lang. Cert.: Aug. 30

