

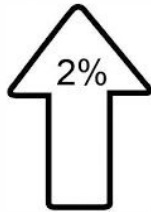
Frequently Asked Questions about Budget

PATRICK COUNTY PUBLIC SCHOOLS

This profile shows key information and trends about the demographics, staffing, and funding for Patrick County Public Schools.

STUDENTS

Enrollment has increased from 2,561 students in 2009



to 2,617 projected students in 2018

84

Four-year olds have state funding for the Virginia Preschool Initiative in 2017-2018.

4.6%

of high-schoolers dropped out in 2015-2016

- 22% of all school-age children lived in poverty in 2015-2016 compared to 14% statewide



- 52% of all students got free or reduced lunch in 2016-2017 compared to 42% statewide



- 4% of all students were English-language learners in 2016-2017 compared to 12% statewide



- Patrick filled 89% of slots with state funding for the Virginia Preschool Initiative



STAFFING

Relative to student enrollment in 2008-2009, there are fewer staff in Patrick County Public Schools. This includes:

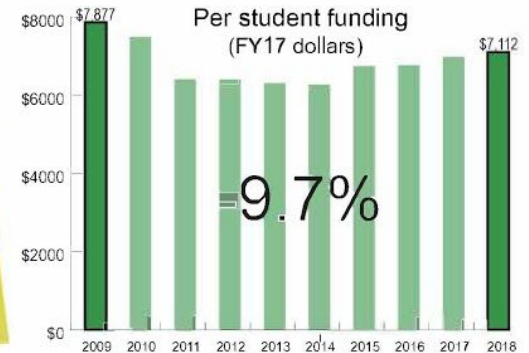
These numbers show how many more or fewer staff schools have from not maintaining their 2008-2009 staffing ratio.

- 36 Fewer teachers and instructors
- 0 Fewer principals and assistant principals
- 2 Fewer guidance counselors and librarians
- 8 Fewer teacher aides
- + 19 Fewer support staff

65 Fewer staff in schools relative to student enrollment in 2008-2009

FUNDING

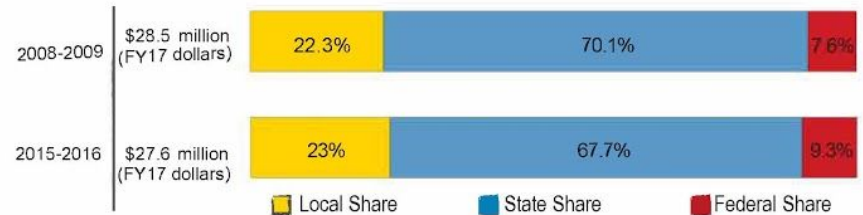
State direct aid, per student, has fallen for Patrick County Public Schools after adjusting for inflation.



The shares of local, state, and federal funding for school operations has shifted since 2008-2009. Patrick's share has remained steady.

Total funding for operations*

*Operations include regular day school, school food services, summer adult, adult education, and other education, but not non-LEA, non-regular day school, debt service, or capital outlay. Pre-K is included in 2015, but not in 2009.

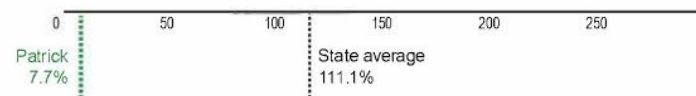


Did you know

...that a one-cent increase in Patrick's property tax rate can raise about \$155,800?



...that Patrick invested 7.7% above the required local effort for SOQ programs in 2016?



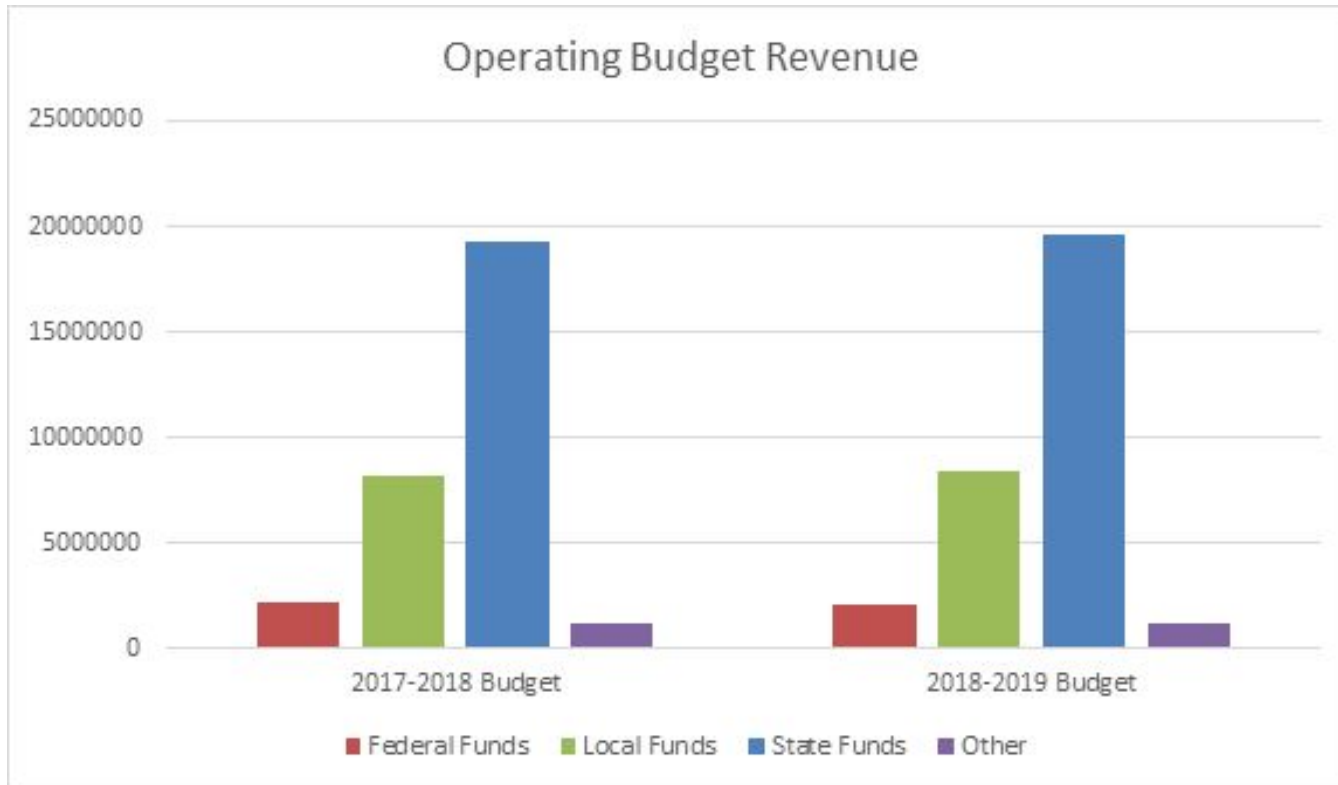
Sources: Virginia Department of Education, U.S. Census Bureau
The Commonwealth Institute for Fiscal Analysis
August 2017



Q: What are the sources of School Division revenue?

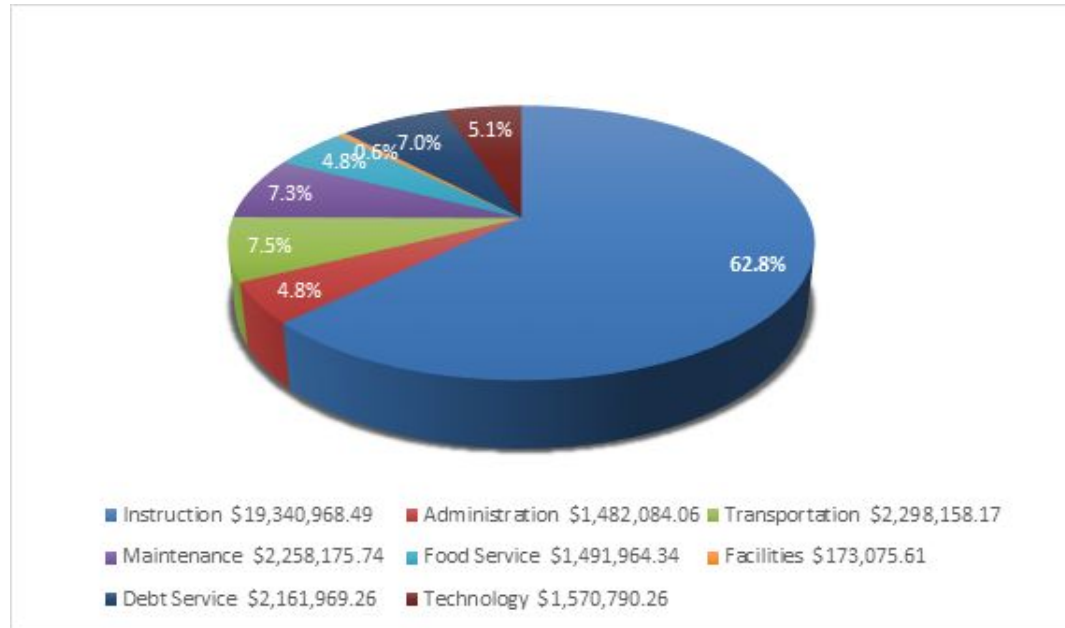
- The School Division receives the majority of its funding from the state. For the 2017-18 school year, the School Division received about 27% of its revenue from local sources, 63% from the state, and less than 7 percent from the federal government. Over the past few years, the amount of money the School Division has received from the state is declining, putting more of the burden for funding education on our local taxpayers. The School Division also has access to federal and state grants and subsidies, and gathers a small portion of revenue from fees, such as for facilities rental.

**Budget Summary FY 2017-2018
Operating Budget Revenue Changes**



Q: How is the budget spent?

Operating Expenditures by State Function Categories FY 2017-2018



Q: What about funds from the Virginia Lottery?

- It's a common misnomer that the Virginia Lottery funds public education in Virginia. While it is true that the bulk of the profits from the Lottery are allocated for education funding, those profits do not come close to the amount required to support public education in the state. In addition, whatever lottery profits are directed to education, an equal amount of "general fund" tax dollars are subtracted from education; increased lottery sales does not equate to increased education funding. The Commonwealth uses a formula to determine the amount of lottery funds each locality earns, with the poorest Virginia localities receiving the lion's share of the funds. Patrick County receives approximately \$1.4 million, or less than 5% of its revenue, from the Virginia Lottery each year.

Q: What are revenue sources for the school division?

- OVERVIEW OF REVENUE SOURCES STATE STATE SOQ FUNDS BASIC AID
 - Basic Aid includes funding for the basic instructional positions plus all other personal and non-personal support costs funded through the Standards of Quality. The entitlement is calculated by the State based on an established per pupil amount, the District's average daily membership, and the locality's Composite Index of Local Ability to Pay.
- TEXTBOOKS
 - State law requires that public school students be provided with free textbooks. The State computes a per pupil cost for textbooks and funds their share of this cost based on the Composite Index.
- STATE SALES TAX
 - A portion of net revenue from the State sales and use tax dedicated to public education is distributed to counties, cities and towns in support of the Standards of Quality. The distribution is based on each locality's pro-rata share of school age population as based on the estimate of school-age population provided by the Weldon Cooper Center for Public Service at the University of Virginia.
- VOCATIONAL EDUCATION – SOQ

- State funds are provided to support Career and Technical Education courses for students in grades 6-12. The funding supports the salary cost of instructional positions based on the class size maximums established by the State Board of Education.
- GIFTED EDUCATION – SOQ
 - Gifted education funding supports the State share of one full-time equivalent instructional position per 1,000 students in adjusted average daily membership (ADM).
- SPECIAL EDUCATION – SOQ
 - Funding for special education provides for the State share of salary costs of instructional positions generated based on the staffing standards for special education.
- REMEDIAL EDUCATION
 - Remediation funding provides remedial services to children who need additional instruction. Funding is disbursed to support the State share of the cost of additional professional instructional positions, based on the Division-level failure rate of the SOL English and Math tests for all students at risk of educational failure.
- RETIREMENT REIMBURSEMENT
 - This funding supports the State share of the cost of employer contributions to VRS for retirement benefits for funded SOQ instructional and professional support positions.
- SOCIAL SECURITY REIMBURSEMENT
 - This funding supports the State share of the cost of Social Security for funded SOQ instructional and professional support positions.
- GROUP LIFE
 - State funds are provided for the State share of the cost of group life insurance for funded SOQ positions.
- ENGLISH AS A SECOND LANGUAGE
 - State funds are provided to support the local school divisions providing the necessary educational services to children not having English as their primary language. The funding supports the salary and benefit cost at a standard rate of 17 positions per 1,000 ESL students.
- REMEDIAL SUMMER SCHOOL
 - These funds are available to school divisions who provide additional educational opportunities for at-risk students during a summer school or intersession program.

STATE CATEGORICAL

- VOCATIONAL EDUCATION - CATEGORICAL
 - These funds include funding for CTE Equipment, CTE Occupational Prep and CTE Adult Ed.
- HOMEBOUND
 - Homebound funding provides for the continuation of educational services for students who are temporarily confined to their homes for medical reasons. State funds reimburse school divisions for a portion of the hourly rate paid to teachers employed to provide homebound instruction to eligible children. Funding is based on the prior year's expenditure data.
- K-3 PRIMARY CLASS SIZE REDUCTION
 - State funding is disbursed to school divisions as an incentive payment for reducing class sizes in grade K-3 below the required SOQ standard of 24:1 pupil-teacher ratio. The required ratio is based on the individual school's free lunch eligibility rate.
- VIRGINIA PRESCHOOL INITIATIVE
 - Virginia Preschool Initiative provides funding for programs for unserved, at-risk, four-year-old children, which include quality preschool education, health services, social services, parental involvement, and pupil transportation.
- EARLY READING INTERVENTION
 - Provides funding for programs to reduce the future need of remedial reading services as well as supporting a two-year pilot program to provide one early reading intervention specialist for all grade 3 classes in schools with a pass rate of less than 75%.
- EARLY READING SPECIALISTS INITIATIVE
 - These funds are designated to support a two-year pilot program to provide one early reading specialist position for all third grade classes in schools that had a pass rate of less than 75 percent in the prior year Standards of Learning reading test. School divisions that are affected will have to match the funding of the additional positions based on their composite index of local ability to pay.
- ISAEP- TEEN GED

- Funding for Individual Student Alternative Education Plan (ISAEP), which may be developed when a student demonstrates substantial need for an alternative program, meets enrollment criteria, and demonstrates an ability to benefit from the program. SOL ALGEBRA READINESS Funding is based on the estimated number of 7th and 8th grade students who are at risk of failing the Algebra I end of course test. This number is approximated based on the free lunch eligibility percentage for the school division.
- COMPENSATION SUPPLEMENT
 - Compensation supplement funding covers the state share of cost (including fringe benefits) for a percentage-based salary increase for funded SOQ instructional positions. For FY17, the state included a 2% increase effective December 1, 2016.
- MENTOR TEACHER PROGRAM
 - Funds are allocated to provide grants to school divisions providing mentors for new teachers with zero years of teaching experience.
- RENTALS (CAFETERIA, AUDITORIUM, ETC.)
 - Fees collected from outside entities for the use of the Patrick County Public Schools facilities, for the use of PCPS school buses for special field trips and athletic transportation.
- MEDICAID REIMBURSEMENT
 - Reimbursement payments from the federal Medicaid system for the services provided by PCPS employees to Medicaid eligible students. PCPS also receives reimbursement for the administrative costs associated with providing Medicaid services.
- INDIRECT COST ALLOCATION
 - An annually computed percentage that PCPS is allowed to charge to its federal grants to recoup the costs of administering those grants.

EXPENDITURES

Q: How does the School Division spend its budget?

- Education is a “people business”. More than 74 percent of the School Division’s budget is spent on salary and benefits for its 475 employees with the remaining 26 percent covering operational costs. Looking at the expenditures another way, the School Division spends approximately 64 percent of its budget on instruction.. Approximately 10 percent is allocated to building services, approximately 7.5 percent to transportation, approximately 4.8 percent to administration, and approximately 5.1 percent to technology.

Q: What is the “composite index” and how does it impact revenue?

- The Composite Index is a ratio calculated by the Commonwealth of Virginia to determine our local ability to pay for school services. It is calculated every two years and includes such measures as average salary, average home price, overall local tax revenue, etc for the locality. The Composite Index determines how much money the state will contribute to the School Division to help fund Virginia Standards of Quality (SOQ) requirements. These SOQ are state mandates for numbers and types of positions required for state accreditation. Wealthier localities receive fewer Composite Index funds. Patrick County is one of the poorest counties in the state, relative to other localities, and thus it receives only about 63% of the dollars necessary to fund the SOQ requirements and 7% from the Federal government and 3% from other sources. The state expects Patrick County to pay the other 27% with its local tax dollars.

Q: What are “unfunded mandates?”

- An unfunded mandate is something the state or federal government requires the School Division to do without providing all of the related funding. The total combined funding from the federal and state governments for schools continues to shrink, although the number of unfunded mandates has increased.

Q: What are some examples of federal unfunded mandates?

- An example of an unfunded federal mandate is the No Child Left Behind (NCLB) Act of 2001. There has been a 36 percent increase in the number of SOL tests given since the 2000-01 school year as a result of NCLB, which requires more frequent testing. The School Division must spend money to fund testing coordinators for each school and technology support staff and data and reporting staff to comply with these mandates.
- Another example of a federal unfunded mandate is the Individuals with Disabilities Education Act (IDEA). The original IDEA for special education was to provide 40 percent of program funding to serve students; in actuality, Patrick County Public Schools receives less than 5% of the total costs of implementing this legislation.

Q: What are some examples of state unfunded mandates?

- Standards of Quality for Public Schools in Virginia are part of the Code of Virginia and can be revised only by the General Assembly. The SOQ specifies required staffing for K-12 public schools but the state only partially funds its share of the costs for these staff.

Q: How does Patrick County compare to other Region 6 school divisions on per pupil expenditure? (State Superintendent Annual Report 2016-2017) <https://goo.gl/6tqEYF>

		End-of-Year					State Retail Sales					
		ADM for					And Use Tax ⁴		Federal		Total	
		Determining	Local ³		State						Expenditures for	
		Cost Per	Per		Per		Per		Per		Per Pupil	
School Division		Pupil ²	Amount	Pupil	Amount	Pupil	Amount	Pupil	Amount	Pupil	Operations ³	Expenditure ⁵
COUNTIES												
012	Botetourt	4,631.12	25,585,641	5,525	19,203,350	4,147	5,562,012	1,201	2,254,485	487	52,605,487	11,359
031	Floyd	2,054.18	7,355,489	3,581	9,518,507	4,634	2,425,817	1,181	1,775,173	864	21,074,985	10,260
033	Franklin	7,284.78	34,086,579	4,679	32,417,949	4,450	8,499,665	1,167	7,021,755	964	82,025,947	11,260
044	Henry	7,451.62	14,984,833	2,011	43,491,471	5,837	7,938,687	1,065	9,672,550	1,298	76,087,541	10,211
060	Montgomery	9,704.29	49,981,637	5,150	40,775,337	4,202	11,298,500	1,164	7,684,889	792	109,740,362	11,308
070	Patrick	2,733.74	6,814,090	2,493	15,960,186	5,838	2,704,895	989	2,615,305	957	28,094,476	10,277
080	Roanoke	14,113.79	63,918,185	4,529	60,280,131	4,271	15,152,900	1,074	7,351,684	521	146,702,900	10,394
CITIES												
108	Danville	5,849.13	17,558,530	3,002	33,897,344	5,795	6,574,205	1,124	9,850,416	1,684	67,880,495	11,605
116	Martinsville	2,028.74	7,456,677	3,676	12,651,334	6,236	2,176,013	1,073	2,911,064	1,435	25,195,087	12,419
124	Roanoke	13,589.90	65,481,876	4,818	73,884,232	5,437	14,693,789	1,081	23,474,747	1,727	177,534,644	13,064
135	Franklin	1,134.10	4,244,239	3,742	7,171,398	6,323	1,438,561	1,268	2,494,114	2,199	15,348,312	13,533
139	Salem	3,851.77	19,989,910	5,190	16,228,671	4,213	3,753,014	974	2,463,265	640	42,434,860	11,017

BUDGET PROCESS

Q: How is the School Division budget created?

The School Division typically follows a budget development cycle that begins in August and ends in April:

- The process includes gathering input from the variety of stakeholders in the school system.
- A Division Budget Committee reviews all budget requests, aligns budget requests to the Division comprehensive plan, and prioritizes requests as part of its recommendations to the Superintendent. The Superintendent then forms a Funding Request, which is presented to the School Board.
- The Division Budget Committee reviews the Superintendent's Funding Request during a series of work sessions and a public hearing, and makes its own adjustments to the spending plan.
- A School Board Funding Request is next presented to the Patrick County Board of Supervisors, which makes the final decision regarding the amount of revenue to be allocated to the school system. The final budget may then have to be revised based on the revenue the Division will receive.
- The School Board adopts the final budget in April for the following school year.

Q: What is the School Board's responsibility in the budget development process?

- The School Board is required by Virginia Statute to request funding that meets the educational needs of the students served by our schools. The Patrick County School Board Policy also tasks the School Board with adopting an annual budget to provide the financial basis for the buildings, furnishings, staff, materials, equipment, and transportation needed to

educate the students of Patrick County. The School Board also is required to ensure that all funds are accurately accounted for and disbursed according to the adopted budget. Lastly, the Patrick County School Board provides direction to the Superintendent in terms of the programs, initiatives and priorities that the board would like to pursue to drive the work of the division forward and achieve the comprehensive plan.

Q: What method does the School Division use to create its funding request?

- Patrick County Public Schools seeks request through it's building principals, directors and leadership team.

Q: How does student enrollment impact the budget?

- Student enrollment affects the budget in two ways: the amount of money received from the state through "Average Daily Membership" and employee staffing. We receive some state funding based on the number of students who attend each of our schools, through a formula known as "Average Daily Membership." Student enrollment also determines the number of employees to be hired, as well as students who receive services that are mandated by state or federal law, such as English Language Learners or Special Education Services. The more students enrolled in our schools, the more students who require special services, the more teachers Patrick County Public Schools must hire, the more buses and drivers we need, and therefore an increased budget.

Q: How does education impact our community's economic vitality?*

- The quality of public schools has become a critical "site location factor" for new businesses and companies that relocate. Economic vitality within a community depends upon public schools because they:
 - shape the basic skills, soft skills, and attitudes of the local workforce
 - play a role in both quality of life and the ability to relocate professional talent within a community
 - provide sufficient numbers of prospective employees with required workforce skill sets
- In 2017, Patrick County Public Schools was ranked 19th in the Commonwealth on SOL Performance, and currently all 7 schools are Fully Accredited. The vitality of our public education in Patrick County is deeply rooted in our entire community. Many of the features we hold dear as being essential to Patrick County are a result of the quality of our public schools.

Q: How do we determine the components and costs of our employee benefits packages?

- Major components of the Patrick County benefit package are health, dental and life insurance plans, and retirement benefits through the Virginia Retirement System. These are comparable to the benefits packages offered by other major employers, including local governments, school systems, and businesses. In order to provide cost-effective and valued benefits, we review our health and dental plans on an annual basis by gathering data from other localities and by looking at the plan design and costs (to employees and to the County). This review indicates that Patrick County offers plans in line with other localities.

Q: How many people does the School Division employ and in what types of jobs?

In 2017-18, the School Division employs approximately 466 people in teaching, administration and support staff positions. We are the largest employer in Patrick County. This school year we employ:

- 212 teachers (includes counselors, library media specialists, instructional coach, instructional technology resource teacher, special education, and "regular" classroom teachers)
- 72 teaching assistants (includes regular education, special education, library, computer lab, in-school suspension assistants, etc.)
- 57 bus drivers and mechanics
- 31 food service employees
- 29 facilities maintenance/building services employees
- 4 technology support personnel
- 12 health personnel (includes school nurses, psychologist, and speech therapists)
- 24 administrative assistants (includes school-level and centralized)
- 25 administrators (includes principals, assistant principals, directors, and coordinators)
 - *Note: some people hold part-time positions in more than one category.

Q: What is the difference between “recurring funds” and “one-time money?”

- Recurring funds are revenues that occur annually and can be counted on, either by assessment, policy or contract. In personal finance, recurring funds are like a person’s salary: you know how much you have to spend each month and can plan your budget based on continuing to receive those revenues.
- One-Time funds are monies that do not recur. They may be funds from the state or federal government that are able to be used for a single fiscal year, but do not recur the subsequent year. In personal finance, one-time funds are like getting a bonus or a gift from your grandmother. They increase your revenue in the short-term, but not over the long-term.
- Recurring funds and One-Time funds must be spent differently. An ongoing budget cannot be maintained with one-time funds because they do not continue. When the one-time funds run out, cuts will have to be made. Thus, one-time funds are often used for capital expenditures, such as the repair/upgrade of facilities or purchase of items, as these are “one-time” costs. Salary and benefits, on the other hand, are recurring expenses, and funding those with one-time funds creates a “funding cliff” when the one-time funds run out. Using one-time money to fund recurring expenses is not a long-term financial strategy; a locality must plan to balance recurring revenues with recurring expenses.